

AUDITING PROCEDURES REPORT

Issued under P.A.2 of 1968, as amended. Filing is mandatory.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Oak Park, Michigan	County Oakland
Audit Date June 30, 2005	Opinion Date November 11, 2005	Date Accountant Report Submitted to State: December 22, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised,
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (PA. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Rehmann Robson			
Street Address 5750 New King Street, Suite 200	City Troy	State MI	Zip 48098
<div>Accountant Signature Thomas Darling, CPA</div> <div></div>			

CITY OF OAK PARK

MICHIGAN

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



FISCAL YEAR ENDED JUNE 30, 2005

CITY OF OAK PARK, MICHIGAN

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE YEAR ENDING

JUNE 30, 2005

SUBMITTED TO THE

2005 CITY COUNCIL

Gerald E. Naftaly, Mayor

Arthur Frohlich, Mayor Pro Tem

Willie Horton, Councilman

Michael M. Seligson, Councilman

Kirk Yousif, Councilman

Prepared By:

The Department of Finance and
Administrative Services

**CITY OF OAK PARK, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

PAGE

Table of Contents	1-4
GFOA Certificate	5
Letter of Transmittal	7-14
Organizational Chart	15
Principal Officials	16

FINANCIAL SECTION

Independent Auditors' Report	17-18
Management Discussion and Analysis	19-31

Basic Financial Statements:

Government Wide Financial Statements For The Year Ended June 30, 2005:

Statement of Net Assets	33
Statement of Activities	34

Fund Financial Statements For The Year Ended June 30, 2005:

Balance Sheet – Governmental Funds	35
Reconciliation of Governmental Funds Balance Sheet and Statement of Net Assets	36
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	37
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	38
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Street Fund	40
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Solid Waste Fund	41
Statement of Net Assets – Proprietary Funds	42
Statement of Revenues, Expenses, and Changes In Fund Net Assets – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Net Assets	45

**CITY OF OAK PARK, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

	<u>PAGE</u>
Fund Financial Statements (Continued):	
Statement of Changes In Fiduciary Net Assets	46
Notes to the Financial Statements	47-84
Required Supplemental Information:	
Defined Benefit Trust Trend Information	85
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	87
Combining Balance Sheet – Nonmajor Governmental Funds - Special Revenue Funds	88
Combining Balance Sheet – Nonmajor Governmental Funds - Debt Service Funds	89
Combining Balance Sheet – Nonmajor Governmental Funds - Capital Project Funds	90
Combining Statement of Revenue, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	91
Combining Statement of Revenue, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds	93
Combining Statement of Revenue, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds – Debt Service Funds	94
Combining Statement of Revenue, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds – Capital Project Funds	95
Combining Statement of Net Assets – Internal Service Funds	96
Combining Statement of Revenue, Expenses and Changes In Fund Net Assets – Internal Service Funds	97
Combining Statement of Cash Flows – Internal Service Funds	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Local Street Fund	99
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Narcotics Forfeiture Fund	100

**CITY OF OAK PARK, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

	<u>PAGE</u>
Combining and Individual Fund Statements and Schedules (Continued):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Criminal Justice Training Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Disaster Contingency Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – After School Program Grant Fund	104
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – P.U.S.H. Program Grant Fund	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Justice Assistance Grant Fund	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Caseflow Assistance Fund	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – District Court 45B Fund	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2003 St. Improvement Bond Fund	109
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2003 St. Refunding Bond Fund	110
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Public Improvement Fund	111
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – City Owned Property Fund	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sidewalk Program Fund	113
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Bldg. Construction Fund	114
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2003 Street Improvement Fund	115
Statement of Changes In Agency Fund Assets and Liabilities	116
Combining Statement of Agency Fund Net Assets	117

**CITY OF OAK PARK, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS**

STATISTICAL SECTION

Schedule 1 – Net Assets by Component	119
Schedule 2 – Changes in Net Assets	120
Schedule 3 - Fund Balances, Governmental Funds	122
Schedule 4 - Changes in Fund Balances, Governmental Funds	123
Schedule 5 – Taxable Value and Actual Value of Property	124
Schedule 6 - Direct And Overlapping Property Tax Rates	125
Schedule 7 - Principal Property Tax Payers	126
Schedule 8 - Property Tax Levies and Collections	127
Schedule 9 - Ratio of Outstanding Debt by Type	128
Schedule 10 - Ratios of General Bonded Debt Outstanding	129
Schedule 11 - Direct and Overlapping Governmental Activities Debt	130
Schedule 12 - Legal Debt Margin Information	131
Schedule 13 - Revenue Bond Coverage	132
Schedule 14 - Demographic and Economic Statistics	133
Schedule 15 - Principal Employers	134
Schedule 16 - Full-time Equivalent City Government Employees by Department/Union Group	135
Schedule 17 - Operating Indicators by Function/ Department	136
Schedule 18 - Capital Asset Statistics by Function/Department	137

COMPLIANCE and INTERNAL CONTROL

Independent Auditors Report on Compliance and Internal Control	139
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Park,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enar

Executive Director



CITY OF OAK PARK

"The Family City"

James Ghedotte

Director of Finance and Administrative Services

Mayor

Gerald E. Naftaly

Mayor Pro Tem

Arthur Frohlich

Councilmember

Willie Horton

Michael M. Seligson

Kirk Yousif

October 24, 2005

To the Honorable Mayor, members of the City Council, City Manager, and the Citizens of the City of Oak Park:

The comprehensive annual financial report (CAFR) of the City of Oak Park for the year ended June 30, 2005, is hereby submitted as mandated by the City Charter, Section 9.8, and State Statute, Public Act 101. The City Charter and state statute require that the City of Oak Park issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements and supplemental schedules contained herein have been audited by Rehman Robson, Certified Public Accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Oak Park. All disclosures necessary to enable the reader to gain an understanding of the City of Oak Park activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of Oak Park's principal appointed officials. The Basic Financial Statements section includes the entity-wide financial statements, fund financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The required supplemental section includes management's discussion and analysis and information on the pension plan. Other supplementary information includes combining and individual fund financial statements. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of Oak Park's MD&A can be found immediately following the report of the independent auditor.

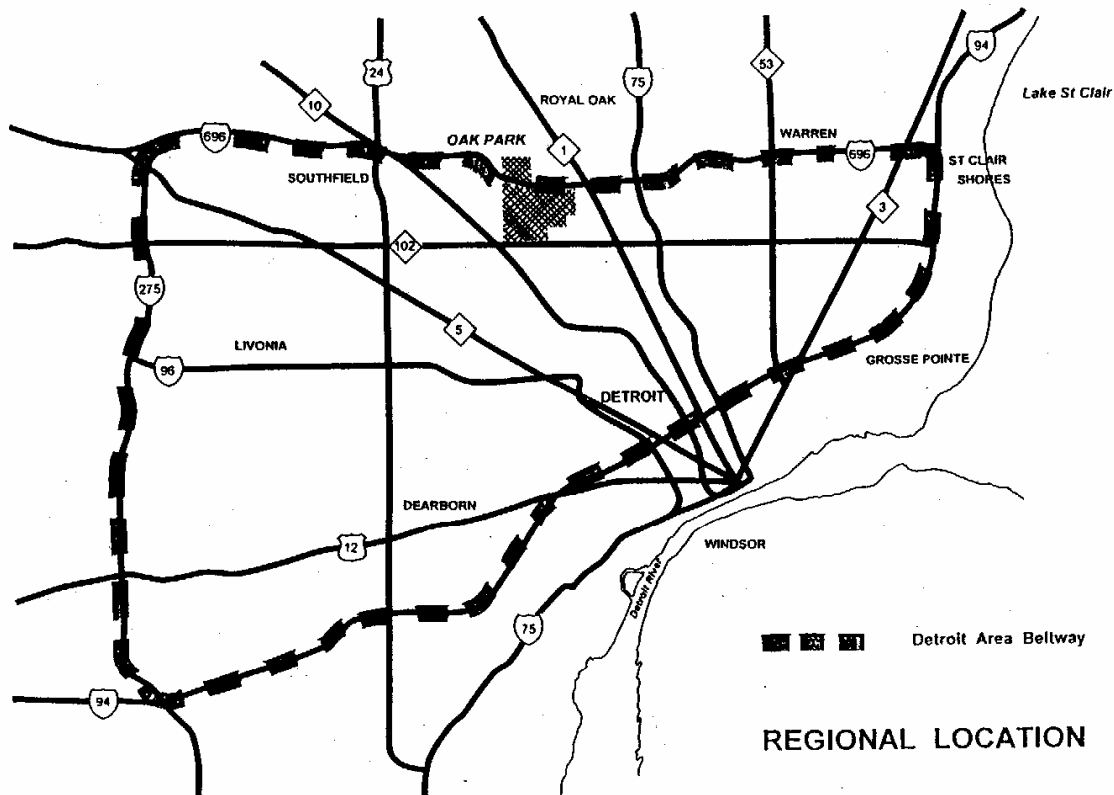
The Reporting Entity and Services Provided

The City of Oak Park has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City of Oak Park includes all the funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Mayor and City Council. Based on these criteria, the Municipal Building Authority, Brownfield Redevelopment Authority, Library Authority and the Economic Development Corporation have been included in this report.

The City of Oak Park provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; planning and zoning; library services; recreational activities and cultural events. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

Local Economy and Governmental Structure

The City of Oak Park is located near the southeast corner of Oakland County, Southeast Michigan, and approximately 3.5 miles from Macomb County and adjacent to the northern boundary of the City of Detroit. The City contains approximately 5.5 square miles with a population of 32,399 persons as reported by the U.S. Bureau of Census for 2000 and amended in 2004. The City currently has a 7.7 percent unemployment rate as compared to a statewide rate of 6.4 percent and a national average of 4.8 percent.



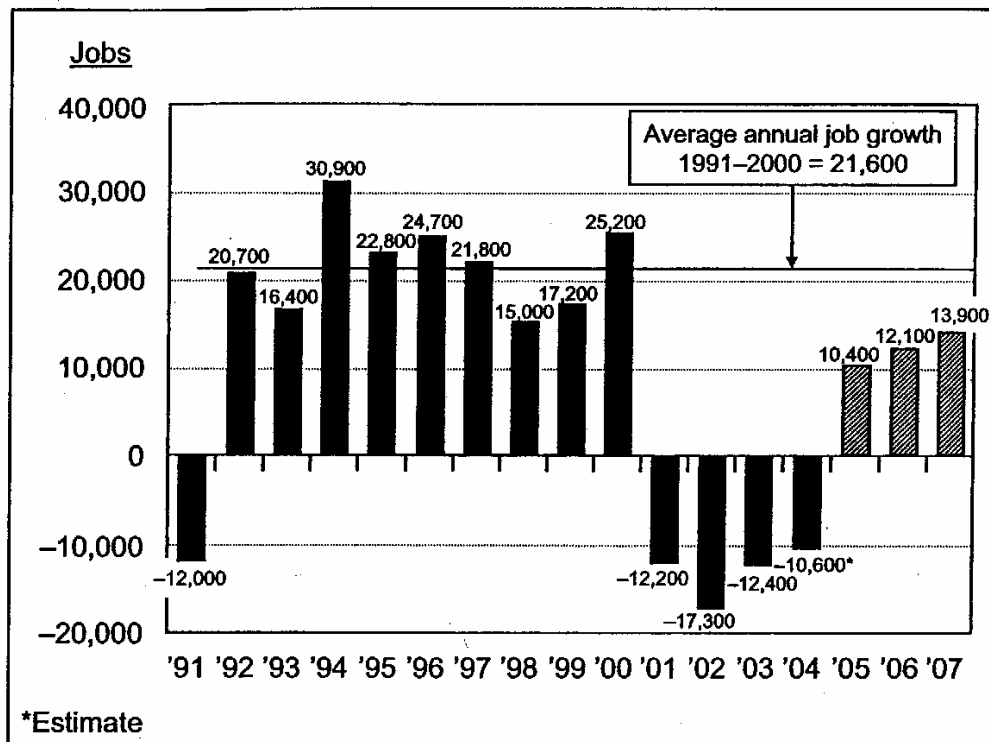
The City operates under the Council-Manager form of government as established in its Charter adopted October 29, 1945. The City Council is comprised of a Mayor, elected at-large every two years, and four Councilmembers, two elected at-large every four years. The City Council is responsible for enacting ordinances, resolutions and regulations governing the City.

City Council also appoints the members of various statutory and advisory boards and commissions, the City Manager, and the City Attorney. The City Manager is responsible for enforcement of laws and ordinances established by City Council. The City Manager also appoints and supervises the heads of departments of the City organization.

The City of Oak Park has grown over the years to a point where only one percent of its total land area is vacant. Although most of the growth occurring in Oakland County is taking place to the west and north, the I-696 freeway, which runs through Oak Park, provides a corridor of opportunity for redevelopment and enhancement of existing development.

The 2005-2007 *Oakland County Economic Outlook* prepared by the Institute of Labor and Industrial Relations, University of Michigan, measures economic performance in Oakland County in terms of employment. It forecasts that employment in Oakland County will have modest job gains of 10,400 during 2005 followed by moderate job gains of 12,100 during 2006.

Private Sector Job Growth in Oakland County, 1991-2007



The *Oakland County Economic Outlook* was prepared in April of 2005 and predicts moderate recovery from the employment losses of the prior three years. The slow economic recovery affects all governmental agencies, as the cost of government rises while revenues tighten. In April the forecast unemployment rate for 2005 was 5.3%. As mentioned above the actual rate was 6.4%. Other economic factors such as declining state shared revenues and the stock market will also affect the City's ability to fund operations.

There is no question the next fiscal year will be challenging as revenue is reduced and expenses increase. It will be management's goal to maintain high quality services during economic uncertainty. The City has adopted prudent financial policies, which will help guide us through the upcoming years. The City has a strong property tax base and management believes it can meet the challenges confronting us in the near future.

Major Initiatives

The following were among those many diverse activities and accomplishments to which both the elected officials and staff devoted their energies in Fiscal Year 2004-2005:

- 1) A Certificate of Achievement for Excellence in Financial Reporting was received for the City's Comprehensive Annual Financial Report from the Government Finance Officers Association (GFOA) for the Fiscal Year July 1, 2003 through June 30, 2004. This award has been received for eleven consecutive years.
- 2) A Distinguished Budget Presentation Award was received from the GFOA for the Fiscal Year 2005-2006 budget document. This award has been received for eleven consecutive years.
- 3) An Award for Outstanding Achievement in Popular Annual Financial Reporting was received from the GFOA for the Fiscal Year 2003-2004. This award was received for the second time and made Oak Park one of five governments in Michigan to receive the three financial reporting awards offered by the GFOA.
- 4) The City finalized an agreement with Sprint to erect a cell phone tower on city property in Shepherd Park. The City received \$10,000 for use of the land and will receive \$1,000 per month for rent. The City will receive additional revenue if cell phone providers are added to the tower.
- 5) In November 2002 the voters gave approval to borrow \$22.5 million for renovation of the City's roads and municipal parking lots. The City borrowed \$11.5 million in May 2002 to finance the first phase of construction. It is expected that it will take three years to complete the first phase and the planned improvements. The remaining \$11 million of approved borrowing is expected to be made in 2006 or 2007.
- 6) The City entered into an agreement, under Act 425 of the State of Michigan, with Royal Oak Township to transfer property to the City of Oak Park. It is estimated that the transfer will provide \$468,000 in revenue for the General Fund.
- 7) A Brownfield Redevelopment Authority was formed for the development of the property on Eight Mile and Greenfield known as the Eight Mile Armory. This authority is used to capture new taxes on properties developed on the site and use those taxes to reimburse the developer for mitigation of contaminated and blighted development. The Brownfield Authority agreed to reimburse the developer \$6.95 million.

Infrastructure and Major Equipment

8) The City expended \$2,530,269 in FY 2004-2005 to reconstruct municipal parking lots. It is expected that this project will be complete in FY 2005-2006. Construction was paid from bond proceeds approved by the voters in 2002.

9) Purchased a 2005 Dump Truck for \$33,973.

10) An amount of \$82,320 was spent on four police cars.

Some of the Major Initiatives for July 1, 2005 and after are as follows:

- 1) The City's sewage is handled by the Twelve Towns Drain system. Storm water and sewage enter the City's sewers, which is carried to the Twelve Towns treatment facility and released into Lake Sinclair. Pollution in Lake St. Clair has led the Michigan Department of Environmental Quality to issue violations, which will require improvements to the facility. It is estimated that these improvements will cost \$130 million of which \$17.3 million will be the City's share. These improvements will cost every user of the system in Oak Park \$5.65 to \$8.00 per month. This will have a significant impact on the citizen's water and sewer bills as the improvements will have to be paid by increased charges. The City will continue to work with the Southeastern Oakland County Sewage Disposal District to clear up any violations and to embark on a plan that will not only benefit the environment but keep costs within a reasonable range. Five separate bonds were sold in FY 2001-2002 in the amount of \$95,240,000. The City's share of this debt is \$15.6 million. The Oakland County Drain Commission, which is overseeing this project, indicates there may be one more bond issue to complete this project.
- 2) The City adopted a FY 2005-2006 General Fund Budget with plans to use \$544,517 of unreserved fund balance to help balance the budget. The slowdown in the economy and the expected increases in expenditures for health insurance and pension costs will seriously affect future budgets.
- 3) The largest tract of undeveloped land in the City is a 72 acre parcel formerly owned by the State of Michigan. The abandoned armory, formerly occupied by the U.S. Government, has been demolished. The State sold this property to a private developer. The developer was granted tax relief under the Brownfield Redevelopment Act. The development of this property will return these parcels to the tax role and provide additional revenue in the future.
- 4) Several residential and commercial parcels that were part of Royal Oak Township, which borders the City, have been annexed to the City under an agreement between the two municipalities. An additional apartment complex was annexed to the City through an election. The annexed area will provide additional revenue, however the City will evaluate the costs over the near future.

Financial Information

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The

concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Long-term Financial Planning. The City Council has adopted the following financial policies to guide the process for long-term financial decisions. 1) Debt Management Policy – provides guidelines for borrowing money to finance projects. 2) Cash Management Policy – provides guidelines for the day-to-day handling of cash and investments. 3) Capital Improvement Policy – sets capitalization thresholds and parameters for capital asset purchases. 4) Investment Policy – provides guidelines for investment of the City's liquid assets.

A large parcel of property owned by the State of Michigan, which formerly housed the Eight Mile Armory, has stood vacant for many years. The State has sold this parcel for commercial development. This project will stimulate development in this area and provide additional tax dollars to fund future development.

As the City faces a slower economy additional funding sources will have to be found to fund large capital projects. This may include additional taxes, which can only be raised by a vote of the people. Other sources of revenue may include grants or raising fees. These challenges will be met using the financial policies above.

Federal Financial Assistance. As a recipient of federal financial assistance, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control systems are evaluated periodically by management to achieve these objectives. The City is not required to have a Single Audit in FY 2004-2005 to test these controls because it received less than \$500,000 (\$298,430) in federal assistance as required by the Federal Office of Management and Budget (OMB) Circular 133.

Budgeting Controls. In accordance with state law, the City's budget is prepared on the modified accrual basis for governmental type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. Governmental fund types, such as the City's General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are reported on the modified accrual basis. The City's Enterprise Fund, Internal Service Funds and Pension Trust Fund are reported on the full accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund, Special Revenue Funds and certain Debt Service Funds. However, for internal accounting purposes, budgetary control is maintained by object class (line account) for all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders that would create an over encumbrance are not written until additional appropriations are available. Encumbered

accounts lapse at year-end. However, any encumbrances outstanding at June 30, 2005, are reported as reservations of fund balances.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Pension and other postemployment benefits. The City has a Pension Trust Fund to finance the Employee's Retirement System created by City Charter on July 1, 1951. An actuarial study determines the funding required by the City to meet its future benefit obligations. In the most recent Actuarial Report for the period ending June 30, 2004, the total estimated Actuarial Accrued Liabilities was \$79,378,965. One method of assessing the financial strength of a pension fund is to compute the percentage of liabilities that has been funded. This percentage at June 30, 2004, was 81.2 percent, down from 92.0 percent at June 30, 2003.

The City also provides postretirement health and dental care benefits for retirees and their dependents. As of the end of the current year there were 211 retired employees or their dependents receiving these benefits, which are financed on a pay-as-you-go basis. Generally accepted accounting principles do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Cash Management. It is the policy of the City of Oak Park to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City and conforming to all State statutes and local ordinances governing the investment of public funds.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposits and mutual funds investing in obligations of the U.S. government. The City earned interest revenue of \$445,780 on all investments (excluding the City of Oak Park Employees Retirement Fund) for the year ended June 30, 2005.

Risk Management. The City supplies workers compensation insurance through the Michigan Municipal Worker's Compensation Fund. The City experienced an average amount of claims as evidenced by an experience modification factor of 1.18, for July 1, 2004 to June 30, 2005.

General liability and property damage insurance coverage is purchased from the Michigan Municipal Liability and Property Pool. Major policies and their limits of coverage include: public officials and public safety officers liability (\$10 million), vehicle liability (\$1 million), Employee Dishonesty (\$500,000), City Treasurer (\$200,000), Deputy Treasurer (\$200,000), City Clerk (\$100,000), District Judges (\$100,000) and City Magistrate (\$20,000).

Other Information

Independent Audit. State statute requires an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson, CPAs, was selected by the City Council. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City

of Oak Park for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR's must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Oak Park has received a Certificate of Achievement for the last eleven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments. The preparation of the comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and Administrative Services, Department of Technical and Planning Services and our independent auditors Rehmann Robson, CPAs. Each of them has our sincere thanks.

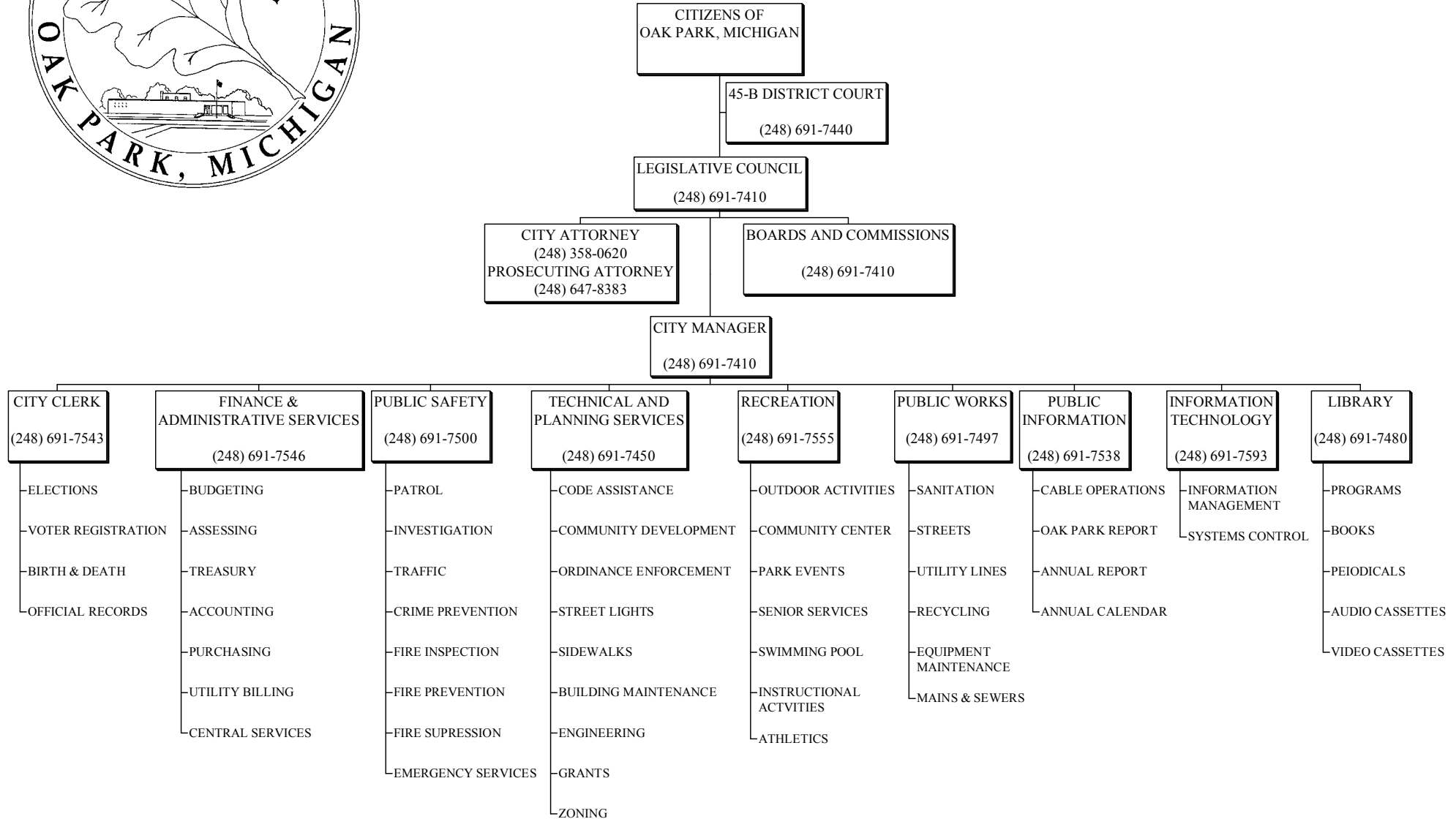
In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely

James Ghedotte
Director of Finance and Administrative Services



City of Oak Park



**CITY OF OAK PARK
2005
PRINCIPAL OFFICIALS**

<u>TITLE</u>	<u>NAME OF OFFICIAL</u>
City Manager	James Hock
Administrative Assistant to the City Manager	Victor Cardenas
City Clerk	Sandra Gadd
Director of Finance and Administrative Services	James Ghedotte
City Attorney	John Carlson
Library Director	John Martin
Director of Public Information	Melvyn Newman
Director of Technical and Planning Services	Michael McReynolds
Director of Public Works/City Engineer	Kevin Yee
Director of Public Safety	Bruce Smith
Director of Recreation	Roy Srini
Director of Information Technology	John Takemoto
Deputy City Clerk	Angela Y. Brunke
Deputy Treasurer	Kathleen Lindroth
Municipal Accountant	Saundra Crawford
City Assessor	M. Dean Bush
Water Supervisor	Eugene Czewski
Deputy Director of Technical and Planning Services/ City Planner	Kevin Rulkowski
Building Division Supervisor	Eric McDonald
General Foreman	Ray Krajewski
General Foreman	Gary Shermetaro
Deputy Director of DPW	Roco Fortura
Deputy Director of Recreation	Roy Vultaggio
Senior Services Coordinator	Rhoda Horner



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

November 11, 2005

To the Honorable Mayor and City Council
City of Oak Park, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Oak Park, Michigan (the "City")***, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Oak Park, Michigan***, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on Pages 19-31 and the Schedule of Funding Progress on page 85 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City's** basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



CITY OF OAK PARK

"The Family City"

James Ghedotte

Director of Finance and Administrative Services

Mayor

Gerald E. Naftaly

Mayor Pro Tem

Arthur Frohlich

Councilmember

Willie Horton

Michael M. Seligson

Kirk Yousif

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Oak Park's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter on pages 7-14 and the City's financial statements, which begin on page 33.

FINANCIAL HIGHLIGHTS

- The City's net assets increased as a result of this year's operations. Net assets of our business-type activities increased by \$1,230,319, or 13.38 percent; net assets of our governmental activities increased by \$1,432,889, or 8.22 percent.
- During the year, the City had revenues in Governmental Funds that were \$2.1 million less than the \$28.80 million in expenditures.
- In the City's business-type activities, revenues were \$8.264 million while expenses were \$7.083 million.
- Total cost of all of the City's programs were \$32.44 million.
- The General Fund reported revenues in excess of expenditures of \$59,954.
- The resources available for appropriation were \$150,148 more than budgeted in the General Fund. Expenditures were \$1,541,149 less than budgeted. The General Fund added \$59,954 of undesignated fund balance instead of using \$1,691,297 as projected in the final budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 33 and 34) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 35. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 33. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including public safety, public works, recreation, and general administration. Property taxes, franchise fees, and state grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- **Component units**—The City includes one separate legal entity in its report—the Economic Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for it.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 24. The fund financial statements begin on page 35 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Municipal Building Construction Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

- **Proprietary funds**—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the

business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities—such as the City's Motor Pool Fund.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 45 and 46. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The City's combined net assets were increased from a year ago— from \$26.6 million to \$29.3 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business- type Activities		Total Primary Government	
	2004	2005	2004	2005	2004	2005
Current and other assets	\$17,543,509	\$15,612,367	\$5,022,326	\$4,442,782	\$22,565,835	\$20,055,149
Capital Assets	<u>25,333,851</u>	<u>26,862,515</u>	<u>21,399,793</u>	<u>24,368,705</u>	<u>46,733,644</u>	<u>51,231,220</u>
Total Assets	<u>42,877,360</u>	<u>42,474,882</u>	<u>26,422,119</u>	<u>28,811,487</u>	<u>\$69,299,479</u>	<u>\$71,286,369</u>
Long-term debt outstanding	21,775,000	19,930,000	16,475,815	17,326,313	38,250,815	37,256,313
Other liabilities	<u>3,663,384</u>	<u>3,673,017</u>	<u>753,102</u>	<u>1,061,653</u>	<u>4,416,486</u>	<u>4,734,670</u>
Total Liabilities	25,438,384	25,603,017	17,228,917	18,387,966	42,667,301	43,990,983
Net Assets:						
Invested in capital assets, net of debt	3,558,851	6,932,515	4,923,978	7,042,392	8,482,829	13,974,907
Restricted	9,133,267	6,493,091	0	0	9,133,267	6,493,091
Unrestricted	<u>4,746,858</u>	<u>5,446,259</u>	<u>4,269,224</u>	<u>3,381,129</u>	<u>9,016,082</u>	<u>8,827,388</u>
Total Net Assets	<u>\$17,438,976</u>	<u>\$18,871,865</u>	<u>\$9,193,202</u>	<u>\$10,423,521</u>	<u>\$26,632,178</u>	<u>\$29,295,386</u>

Net assets of the City's governmental activities increased by 8.22 percent, \$17.44 million compared to \$18.87 million. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$4.7 million at June 30, 2004 to \$5.4 million at the end of this year.

This increase in governmental net assets arose primarily because of two factors. First, the City retired \$1.845 million in outstanding bonds from taxes collected. Second, depreciation of \$1,522,575 was \$1,569,040 below amounts charged for capital assets (\$3,091,615). This increases net assets by \$1,569,040.

The net assets of our business-type activities increased by 13.38 percent (\$9.19 million compared to \$10.42 million) in 2005. This increase was due to revenues exceeding expenses. This trend is expected to change as the City begins replacing its infrastructure (water and sewer mains).

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Revenues						
Program Revenues:						
Charges for Services	\$3,580,287	\$4,239,347	\$7,881,527	\$8,213,692	\$11,461,814	\$12,453,039
Federal Grants	299,316	150,032	0	0	299,316	150,032
State Grants	1,835,520	1,809,963	0	0	1,835,520	1,809,963
Other	0	50,000	0	0	0	50,000
General Revenues:						
Property Taxes	18,088,249	19,774,491	0	0	18,088,249	19,774,491
Other Taxes	424,167	453,310	0	0	424,167	453,310
Investment Earnings	228,538	357,776	42,498	49,837	271,036	407,613
Total Revenues	<u>24,456,077</u>	<u>26,834,919</u>	<u>7,924,025</u>	<u>8,263,529</u>	<u>32,380,102</u>	<u>35,098,448</u>
Program Expenses:						
General Government	4,777,118	4,693,567	0	0	4,777,118	4,693,567
Judicial	1,985,825	2,049,750	0	0	1,985,825	2,049,750
Public Safety	8,103,198	9,847,977	0	0	8,103,198	9,847,977
Road Maintenance	2,202,260	2,286,830	0	0	2,202,260	2,286,830
Public Works	1,391,348	1,309,277	0	0	1,391,348	1,309,277
Health & Sanitation	1,901,589	2,015,234	0	0	1,901,589	2,015,234
Culture & Recreation	1,336,795	1,270,849	0	0	1,336,795	1,270,849
Library	845,802	837,813	0	0	845,802	837,813
Community Development	386,063	288,244	0	0	386,063	288,244
Interest on Long-term Debt	893,426	752,489	581,348	633,479	1,474,774	1,385,968
Water & Sewer	<u>0</u>	<u>0</u>	<u>6,907,849</u>	<u>6,449,731</u>	<u>6,907,849</u>	<u>6,449,731</u>
Total Expenses	<u>23,823,424</u>	<u>25,352,030</u>	<u>7,489,197</u>	<u>7,083,210</u>	<u>31,312,621</u>	<u>32,435,240</u>
Excess before Transfers	632,653	1,482,889	434,828	1,180,319	1,067,481	2,663,208
Transfers	<u>(50,000)</u>	<u>(50,000)</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>0</u>
Increase in Net Assets	<u>\$ 582,653</u>	<u>\$ 1,432,889</u>	<u>\$ 484,828</u>	<u>\$ 1,230,319</u>	<u>\$1,067,481</u>	<u>\$2,663,208</u>

The City's total revenues for all programs increased by 8.39 percent (\$2,718,346). The total cost of all programs and services was increased 3.58 percent (\$1,122,619).

Governmental Activities

Revenues for the City's governmental activities increased by 9.72 percent (\$2,378,842), while total expenses increased 6.41 percent (\$1,528,606).

Table 3 presents the cost of each of the City's six largest programs—judicial, public safety, road maintenance, public works, health & sanitation, and recreation—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Governmental Activities
(In Thousands)

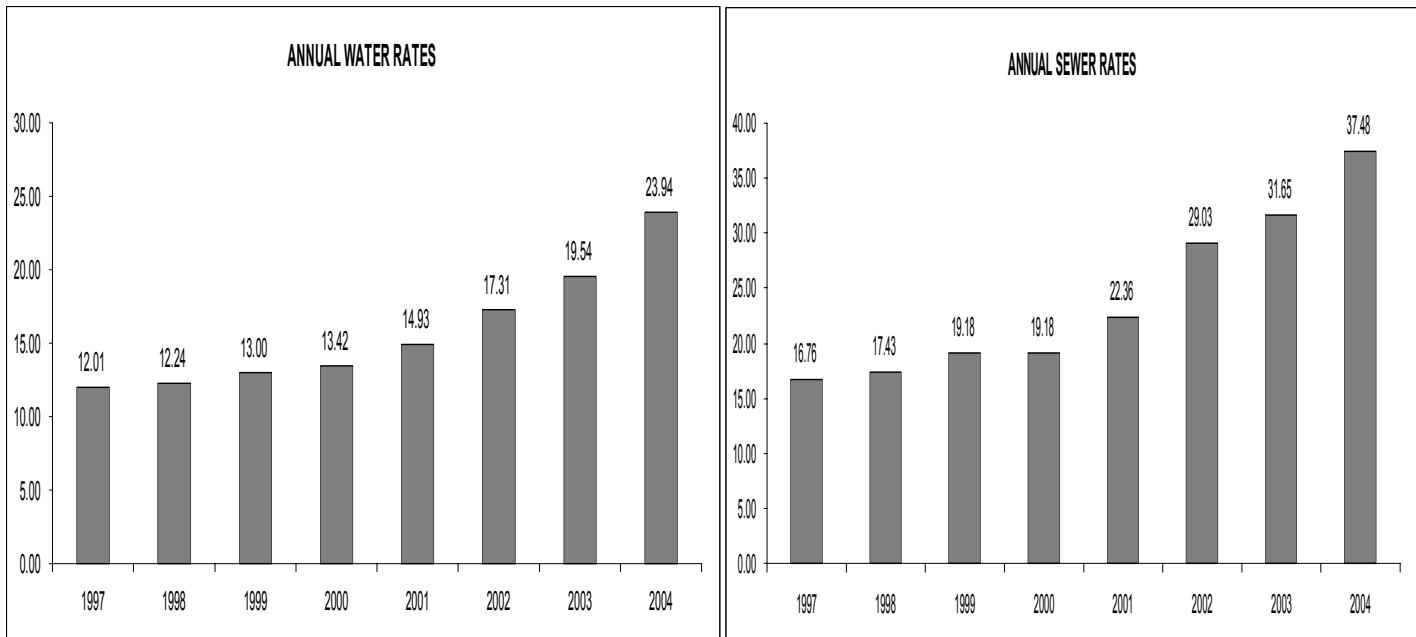
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>		
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Judicial	\$ 1,985,825	\$ 2,049,750	(1,289,580)	(1,339,809)
Public Safety	8,103,198	9,847,977	(6,803,034)	(8,391,579)
Road Maintenance & Repair	2,202,260	2,286,830	(523,723)	(641,318)
Public Works	1,391,348	1,309,277	(1,271,825)	(1,019,811)
Health & Sanitation	1,901,589	2,015,234	(1,360,849)	(1,560,556)
Recreation	1,336,795	1,270,849	(884,105)	(797,165)
All others	6,008,983	5,819,624	(5,081,759)	(4,599,961)
Interest on long-term debt	<u>893,426</u>	<u>752,489</u>	<u>(893,426)</u>	<u>(752,489)</u>
Totals	<u>\$ 23,823,424</u>	<u>\$ 25,352,030</u>	<u>(18,108,301)</u>	<u>(19,102,688)</u>

Business-type Activities

The City has one business-type activity: the water and sewer system. Revenues of the City's Water and Sewer Fund (see Table 2) increased by 4.28 percent (\$7.92 million in FY 2003-2004 compared to \$8.26 million in FY 2004-2005) and expenses decreased by 5.42 percent (\$7.489 million in FY 2003-2004 compared to \$7.083 million in FY 2004-2005). The City experienced a net income of \$1,230,319 in its Water and Sewer Fund. This was an increase from FY 2003-2004 income of \$484,828. The factors driving these results include:

The City's water and sewer system is old and aging. The City has posted a net income in each of the last five fiscal years, which has led to the general overall health of this fund. It is expected that infrastructure improvements in the near future will be funded from reserves. The City operates one enterprise fund, which accounts for the activities of the Water and Sewer System. Continuing improvements in the water and sewer system should provide its users with quality services through the end of this century.

Water rates were increased from \$19.54 per 1,000 cubic feet to \$23.94 per 1,000 cubic feet. This increase reflected the increase to purchase water from the City of Detroit. Sewer rates increased from \$31.65 to \$37.48 per 1,000 cubic feet. A recent history of the City's water and sewer rates follows:



THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 35) reported a combined fund balance of \$11.336 million, which is below last year's total of \$13.436 million. Included in this year's total change in fund balance is an increase of \$59,954 in the City's General Fund. In addition, these other changes in fund balances should be noted:

The City was allowed by State law to increase its property tax by 2.3% (the raw rate of inflation). The assessed value of property in the City increased considerably more (5.9%) however because of property tax limitation laws tax revenue was limited. State shared revenue decreased in the General Fund by 1.46 percent (\$59,942). The State of Michigan collects sales tax and redistributes a portion of these collections to local jurisdictions. The City received decreased amounts because of an unfavorable economy.

The City spent \$2,883,523 in the last fiscal year in the 2003 Street Improvement Fund that contributed to the decrease in fund balance.

The City borrowed \$11.5 million in FY 2002-2003 for the reconstruction of roads that was placed in a Capital Projects Fund. This is a three-year construction program that began last year. An amount of \$5.947 million remains in the 2003 Street Improvement fund balance. The City used fund balance in many of its governmental funds due to several factors:

The City's Major Street Fund increased fund balance \$547,586. This occurred because of favorable weather conditions that limited expenditures due to snow removal. The fact that reconstruction of the city's major streets is being funded by the 2003 Street Improvement Fund also helped reduce expenditures in this fund.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved as projects and contracts were competitively bid and come in higher than originally budgeted. The second included Council approved increases in appropriations when the FY 2005-2006 budget was passed. These appropriations were to adjust the original budget when departments submitted estimated year-end figures that exceeded current budgeted amounts. Finally, the budget was amended at the last City Council meeting of the Fiscal Year to prevent budget overruns.

Even with these adjustments, the actual charges to appropriations (expenditures) were \$1.541 million below the final budget amounts in the General Fund. The most significant positive variances were with the Public Safety Department (\$212,656) and Department of Technical & Planning Services (\$267,895), which were both under budget because of positions that were not filled until the end of the fiscal year.

Resources available for appropriation were \$150,148 above the final budgeted amount. Fines and Forfeits, which were higher than expected, accounted for the majority of this variance.

General Fund Revenue. The following paragraphs analyze the activities of the City's major funds. General Fund revenues totaled \$19,504,225, an increase of 12.59 percent from the prior year. Revenues by source were as follows:

General Fund Revenue:

<u>Revenue</u>	<u>FY 2003-2004 Amount</u>	<u>FY 2004-2005 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease) from FY 2003-2004</u>
Property Taxes	\$10,059,530	\$11,593,378	59.44%	\$1,533,848	15.25%
Licenses & Permits	342,338	394,236	2.02	51,898	15.16
Charges for Services	492,019	529,592	2.71	37,573	7.64
Fines and Forfeits	1,404,621	1,493,699	7.66	89,078	6.34
Intergovernmental	4,109,669	4,099,727	21.02	(9,942)	(.24)
Interest Income	59,286	112,415	.58	53,129	89.61
Miscellaneous	<u>855,784</u>	<u>1,281,178</u>	<u>6.57</u>	<u>425,394</u>	<u>49.71</u>
Totals	<u>\$17,323,247</u>	<u>\$19,504,225</u>	<u>100%</u>	<u>\$2,180,978</u>	<u>12.59</u>

Ad Valorem taxes provide the City's primary source of revenue. Current collections remain high at 98.52 percent, and the City's total tax rate of 24.1194 per \$1,000 of taxable value is at the state's legal limit as provided for by the Headlee Amendment and the Truth in Taxation Act.

Assessed values in the City rose an average of 5.15%, led by an increase of 5.75% in Real Property values. Property tax revenue was limited to an increase of 2.3%. The tax rate for operating purposes decreased slightly from 16.7443 mills in Fiscal Year 2003 – 2004 to 16.4981 in Fiscal Year 2004 - 2005.

Licenses and permits increased by 15.16%. The number of permits increased by 32 permits and the total value of new construction increased \$682,144 in FY 2004 - 2005 compared to FY 2003 - 2004.

This increase is an indication of investments made by individuals in their personal residence returning to a normal level after a record low year in FY 2002-2003.

Charges for Services increased 7.64% indicating higher usage of recreation programs in FY 2004 – 2005.

Ordinance Fines levied by the 45-B District Court account for an increase of 6.34% in Fines and Forfeits. The increase is due to more tickets issued by the Department of Public Safety because the city increased the number of officers on duty from six per shift to seven per shift.

Intergovernmental Revenues decreased .24% due to the fact that the State of Michigan continues to reduce revenue sharing despite more sales tax collections, which are passed on to Michigan cities.

Interest income increased 89.61%, which is attributable to short term interest rates increasing from the prior year.

Miscellaneous Income increased 49.71% or \$425,394 in FY 2004 - 2005. The majority of this increase was due to increased reimbursements for expenditures the city had in connection with the development of the armory property and the annexation of a portion of Royal Oak Township.

General Fund Expenditures. General Fund expenditures were \$18,128,186, an increase of 12.29 percent from the preceding year. Broken down by major function, expenditures were as follows:

<u>Expenditure</u>	<u>FY 2003-2004 Amount</u>	<u>FY 2004-2005 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
General Government	\$4,088,575	\$3,909,447	21.56%	(\$179,128)	(4.38%)
Public Safety	7,262,106	9,084,459	50.11	1,822,353	25.09
Public Works	1,031,209	1,023,786	5.65	(7,423)	(0.72)
Recreation	1,199,297	1,129,270	6.23	(70,027)	(5.84)
Library	765,011	754,336	4.16	(10,675)	(1.40)
Capital Outlay	20,831	75,872	.42	55,041	264.23
Other Non-departmental	<u>1,776,331</u>	<u>2,151,016</u>	<u>11.87</u>	<u>374,685</u>	<u>21.09</u>
Totals	<u>16,143,360</u>	<u>18,128,186</u>	<u>100%</u>	<u>\$1,984,826</u>	<u>12.29%</u>

General Fund expenditures increased \$1,984,826 or 12.29%.

General Government expenditures decreased \$179,128 in FY 2004-2005. The majority of this decrease is due to a reduction in expenditures for the Technical and Planning Services (\$180,985 reduction) due to charging salaries for projects accounted for in other funds.

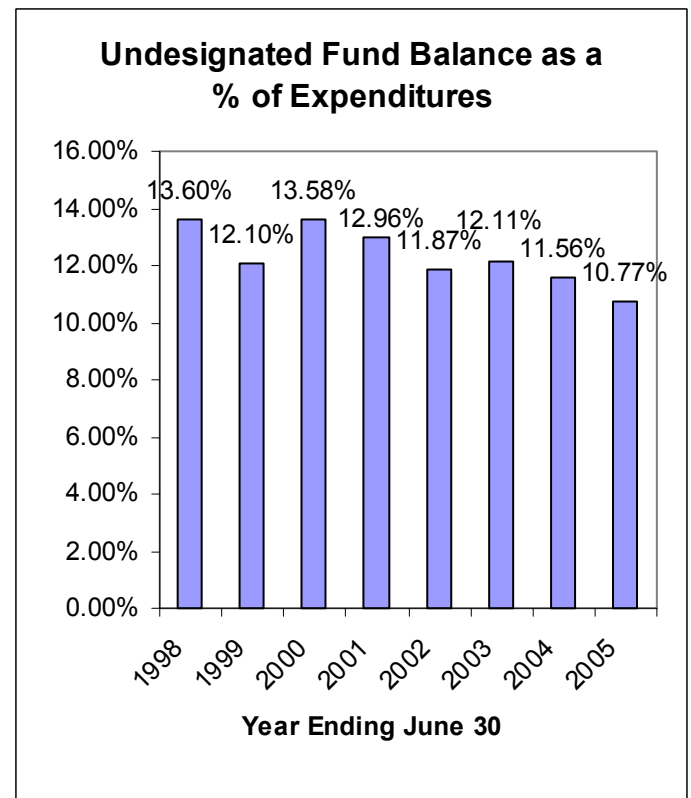
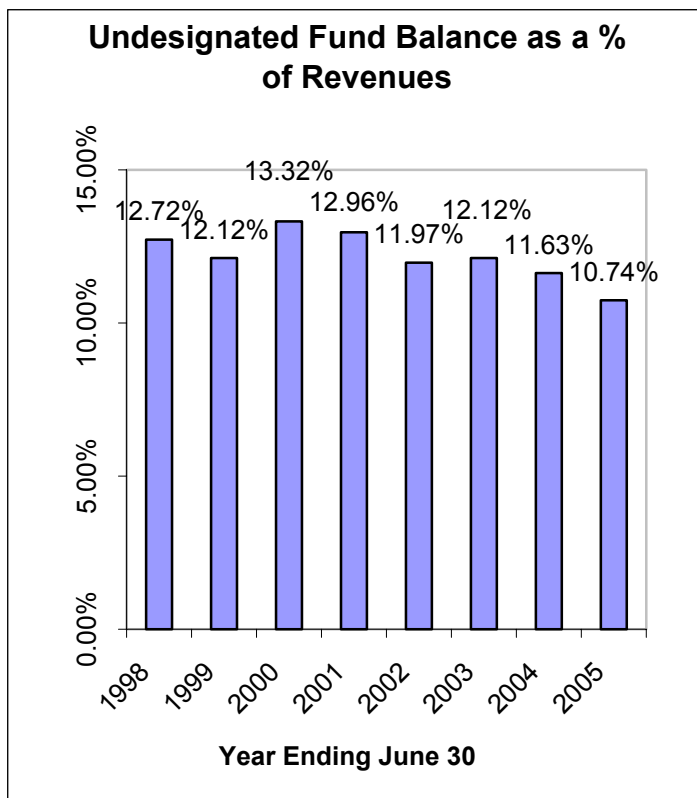
The Public Safety Department increased \$1,822,353 or 25.09%. This increase was due to the city and the Police Officers union settling their labor contract that run out on June 30, 2001. The cost of retroactive pay and corresponding fringe benefits in this settlement was above \$1.1 million.

The Public Works Department decreased \$7,423, or .72%. This modest decrease was due to holding the line on services and cost compared to last year.

The Recreation Department decreased \$70,027, or 5.84%. In the FY 2004-2005 the City eliminated several programs to balance the budget which led to the decrease.

Capital Outlay increased \$55,041 or 264.23%. This purchased a playground structure which accounted for the change.

General Fund Balance. General Fund Balance at June 30, 2005 was increased by 2.61 percent or \$59,954 from June 30, 2004. The unreserved-available for appropriation portion of fund balance increased by \$77,623 for a total of \$2,122,398, which provides the City with 42.73 working days of expenditures, and is equivalent to 10.77 percent of annual expenditures. Our goal is to maintain this percentage at 8.33 to 16.67 percent (one to two months expenditures), a level considered adequate to meet any unforeseen events and avoid cash shortfalls during periods of low tax collections. An additional goal is to maintain fund balance at 10 to 15 percent of revenues. Undesignated Fund Balance can be graphically demonstrated as follows:



Special Revenue Funds. Special Revenue Funds account for revenue from specific revenue sources which are legally restricted for specified purposes. The City operates 12 separate special revenue funds as follows: (1) The Major Street Fund is used to finance the maintenance and construction of the City's major thorough-fares. (2) The Local Street Fund is used to finance the maintenance and construction of the City's minor thorough-fares. (3) The Narcotic Forfeiture Fund is used for the accounting of funds forfeited in drug arrests. (4) The Criminal Justice Training Fund is used for training in the Public Safety Department and is financed by fines levied at the District Court. (5) The Disaster Contingency Fund was established in prior years for the accounting and financing of natural disasters occurring within the City limits. (6) The Community Development Block Grant Fund is financed by grants received from the

federal government and is restricted for use by the economically disadvantaged citizens of the City. (7) The After School Program is used to provide activities for students after school. (8) The P.U.S.H. Program was established to account for grants received to counsel "at risk" youths. (9) The Solid Waste Fund is used to finance the collection, recycling and disposal of the City's garbage and refuse. It is funded by a tax levy and collection fee on property. (10) The Justice Assistance Grant Fund is used to account for the expenditures of the Public Safety Department which were submitted to the Federal Bureau of Justice Assistance to facilitate municipalities in reducing crime. (11) The Caseflow Assistance Fund is used to fund a portion of the cost of processing drunk drivers. (12) The District Court 45-B Fund is financed by a General Fund transfer-in and its uses are restricted to the operations of the District Court 45-B.

Capital Project Funds. The City had expenditures in three Capital Project Funds: Sidewalk Program, City Owned Property, and 2003 Street Improvement Fund.

The Sidewalk Program Fund had a fund balance at June 30, 2005 of \$27,876. This fund is used for the construction of sidewalks, which are billed to the property owner.

The City Owned Property Fund had a –0- fund balance at June 30, 2005. This fund is used for expenditures made on tax reverted property. The City took possession of one property to return it to the tax rolls by selling or transferring the property to private ownership.

The 2003 Street Improvement Fund had a fund balance at June 30, 2005 of \$5,947,298. This fund received \$11.5 million in FY 2002-2003 from proceeds of the sale of bonds. It is anticipated that the roads will be completed in two years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$51.2 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water and sewer lines. (See Table 4 below.)

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business- type</u> <u>Activities</u>		<u>Total</u> <u>Primary Government</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	\$1,579,345	\$1,579,345	\$ 11,502	\$ 11,502	\$ 1,590,847	\$ 1,590,847
Rights-of-way	600,818	600,818	0	0	600,818	600,818
Infrastructure - roads	16,412,082	15,350,037	0	0	16,412,082	15,350,037
Infrastructure – sidewalks	2,279,974	2,247,016	0	0	2,279,974	2,247,016
Infrastructure – water & sewer system	0	0	8,423,553	8,568,493	8,423,553	8,568,493
Buildings	671,444	672,824	40,139	36,461	711,583	709,285
Public Improvements	1,676,042	1,736,776	0	0	1,676,042	1,736,776
Library collection	73,946	97,972	0	0	73,946	97,972

Equipment - General	310,843	227,985	189,611	159,981	500,454	387,966
Equipment – Motor Pool	1,140,402	1,101,682	0	0	1,140,402	1,101,682
Work in Progress	588,955	3,248,060	12,734,988	15,592,268	13,323,943	18,840,328
Totals	<u>\$25,333,851</u>	<u>\$26,862,515</u>	<u>\$21,399,793</u>	<u>\$24,368,705</u>	<u>\$46,733,644</u>	<u>\$51,231,220</u>

This year's major additions included:

District Court 45B AS400 Computer	\$ 11,437
Animal Shelter	43,473
Children's Play Structure – Shepherd Park	17,647
Reconstruct Mini-Golf	107,377
Dump Truck in Motor Pool	35,973

The City's Fiscal Year 2005-2006 capital budget calls for it to spend another \$3,941,221 for capital projects, principally for the continuation of its road reconstruction program, improvements to the city parks, acquisition of replacement vehicles, and replacement water mains. The City has no plans to issue additional debt to finance these projects. Rather, we will use current reserves to finance these projects. More detailed information about the City's capital assets is presented in Notes 1, 6 and 7 to the financial statements.

Debt

Under current State Statutes, the City's net debt may not exceed 10% of the total assessed value of real and personal property as certified by the City Assessor. The City's net debt of \$19,598,980 (See Schedule 12 in Statistical Section) is 2.14% of assessed value, and provides a legal debt margin of \$72,179,415. Net bonded debt per capita equaled \$604.92.

The long-term debt obligations of the City consist of general obligation bonds outstanding of \$19,930,000.

The general obligation bonds are being retired with revenues from a millage levied on all personal and real property in the City. The City levied 4.1468 mills per \$1,000 of state taxable value in Fiscal Year 2004-2005 for the retirement of debt. At year-end, the City had \$37,256,313 in bonds outstanding versus \$38,250,815 last year—a decrease of 2.59 percent—as shown in Table 5.

Table 5
Outstanding Debt, at Year-end

	Governmental Activities		Business- type Activities		Totals	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
General Obligation Bonds (backed by the City)	\$21,775,000	\$19,930,000	\$ -0-	\$ -0-	\$21,775,000	\$19,930,000
Revenue Bonds (backed by specific fee revenues)	-0-	-0-	16,475,815	17,326,313	16,475,815	17,326,313
Totals	<u>\$21,775,000</u>	<u>\$19,930,000</u>	<u>\$16,475,815</u>	<u>\$17,326,313</u>	<u>\$38,250,815</u>	<u>\$37,256,313</u>

The City received approval from the voters in November of 2002 to borrow \$22.5 million for the repair of roads and municipal parking lots. The City sold \$11.5 million in General Obligation Bonds on May 1, 2003. It is expected that the remaining \$11 million of approved debt will be borrowed in FY 2006-2007.

At June 30, 2005 the 2003 Street Improvement Bond Fund and the 2003 Street Refunding Bond Fund were the only outstanding GO bonds. These bonds are paid by a tax levied on all taxpayers separate from operating millage. A mill represents 1 dollar paid for every \$1,000 of taxable value of real and personal property. The city's debt service levy in FY 2004-2005 was 4.1468 mills. Requirements for general obligation bonds will decrease until all bonds are paid off in May of 2028.

On June 30, 2003 the City had \$3.175 million of outstanding debt from the 1992 Refunding Bonds. In March of 2004 these bonds were redeemed to take advantage of favorable interest rates. The 2004 Refunding Bonds in the amount of \$2.945 million were issued to replace these bonds. These revenue bonds had an outstanding balance of \$2.675 million on June 30, 2005.

The City belongs to a consortium of cities known as the Twelve Towns Drain District. This district was formed to collect and treat sewage and storm water for 14 communities. In 1998 the Michigan Department of Environmental Quality ordered the district to upgrade its retention facility and decrease its excess flows into Lake Sinclair. The total estimated cost of these improvements is \$130 million, of which the City of Oak Park is responsible for 13.48%. This project began in FY 2000-2001.

The District is borrowing funds through construction draw downs to complete this project. As of June 30, 2005 the City is obligated to pay \$14,651,313. Due to the nature of draw downs the exact obligation will be unknown until the project is complete or no other draw downs are made. Payments on these obligations continue until 2024, ranging from \$ 817,188 to \$1,041,797. The City will increase sewer rates to pay this debt.

The City's general obligation Moody's Investor Service underlying bond rating continues to be A3 with outstanding debt having the highest rating due to bond insurance purchased at the time of issuance. The State limits the amount of general obligation debt that cities can issue to 10 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below this \$91.78 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 16 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Oak Park (population 32,399) is primarily a residential community located in southeastern Oakland County, Michigan. The City's proximity to the downtown Detroit metropolitan area and several major roadways, including Interstate Highway 696, have helped spur considerable residential redevelopment. The local tax base has exhibited growth averaging 5.45% per year from fiscal 2000-2005 to a current market value of \$1.8 billion; despite developmental restrictions (only 1% of total City land area is vacant). Some commercial and light industrial property development is also expected over the next few years. Income levels, as measured by per capita effective buying income, are on par with both state and national levels. Unemployment is 5.6% in September 2004.

In FY 2004-2005, the general fund posted an increase in fund balance of \$59,954. The current unreserved fund balance of \$2.122 million is 10.77% of operating expenditures. Management's fiscal policy is to maintain reserves between 8%-16% of annual expenditures. The City, which relies heavily on property taxes (58.65% of total revenue), is operating at the state-authorized tax rate limit. The City adopted a budget for FY 2005-2006 with a planned use of fund balance of \$544,517.

Overall net general bonded debt is moderate, at \$605 per capita and 2.14% of assessed value.

The City's elected and appointed officials considered many factors when setting the Fiscal Year 2005-2006 budget, tax rates, and fees to be charged for the business-type activities. One of those factors is the economy. Unemployment in the City now stands at 5.6 percent versus 6.0 percent a year ago. This compares with the State's unemployment rate of 6.2 percent and the national rate of 5.1 percent.

Inflation in the metropolitan area has leveled off and was lower than the increase in the national Consumer Price Index (CPI). The Detroit areas CPI increase was 2.0 percent for 2003 compared with the average U.S. city with population less than 50,000 rate of 2.0 percent and the national rate of 2.3 percent.

These indicators were taken into account when adopting the General Fund budget for Fiscal Year 2005-2006. The FY 2005-2006 budget was adopted in May of 2005 during the economic downturn that is affecting municipalities throughout the state. Amounts available for appropriation in the General Fund budget are \$19.7 million, an increase of 1.25 percent over the final FY 2004-2005 budget of \$19.5 million. Property tax revenue increased 5.19% due to development of vacant property within the city. Other revenue sources are expected to increase slightly or remain flat. Budgeted expenditures are expected to decrease 2.5 percent, to \$20.2 million from \$20.8 million in FY 2004-2005. Increased premiums of 9.1 percent for health care for current employees and retirees, and increased retirement costs due to losses in the employee's retirement system required the City to reduce its work force by one full-time position, eliminate most of its capital expenditures and use fund balance to fund expenditures in FY 2005-2006. The City has added no major new programs or initiatives to the FY 2005-2006 budget.

As for the City's Water & Sewer Fund, we expect that the FY 2005-2006 to be a year in which service is improved because of two ongoing programs:

- The installation of radio read meters will be in its final year of a five-year program. These radio reads will allow our meter readers to read meters from a remote location without having to approach every user of water.

- The televising of the City's sewers will allow us to develop a preventative program to improve our infrastructure in the most needed areas before a breakdown occurs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Administrative Services' Office, at the City of Oak Park, 13600 Oak Park Blvd., Oak Park, MI, 48237.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 8,741,783	\$ 385,376	\$ 9,127,159	\$ 11,706
Restricted cash and cash equivalents	158,902	-	158,902	-
Investments	4,086,988	180,024	4,267,012	-
Receivables (net)	2,276,996	3,867,324	6,144,320	-
Prepaid expenses	347,698	10,058	357,756	-
Total current assets	15,612,367	4,442,782	20,055,149	11,706
Noncurrent assets:				
Capital assets, net of depreciation (note 6)	21,434,292	8,764,934	30,199,226	-
Land	1,579,345	11,502	1,590,847	-
Rights-of-way	600,818	-	600,818	-
Work in progress	3,248,060	15,592,269	18,840,329	-
Total noncurrent assets	26,862,515	24,368,705	51,231,220	-
Total assets	\$ 42,474,882	\$ 28,811,487	\$ 71,286,369	\$ 11,706
LIABILITIES				
Current liabilities:				
Accounts payable, accrued and other liabilities	\$ 1,615,945	\$ 1,016,344	\$ 2,632,289	\$ 4,406
Unearned revenue	149,271	-	149,271	-
Current portion of accumulated compensated absences	164,482	8,259	172,741	-
Current portion of long-term obligations (Note 16)	1,875,000	906,693	2,781,693	-
Total current liabilities	3,804,698	1,931,296	5,735,994	4,406
Noncurrent liabilities:				
Accumulated compensated absences	1,743,319	37,050	1,780,369	-
Noncurrent portion of long-term obligations (Note 16)	18,055,000	16,419,620	34,474,620	-
Total liabilities	23,603,017	18,387,966	41,990,983	4,406
NET ASSETS				
Invested in capital assets, net of related debt	6,932,515	7,042,392	13,974,907	-
Restricted for:				
Capital projects	6,158,308	-	6,158,308	-
Debt service	334,783	-	334,783	-
Unrestricted	5,446,259	3,381,129	8,827,388	7,300
Total net assets	18,871,865	10,423,521	29,295,386	7,300
Total liabilities and net assets	\$ 42,474,882	\$ 28,811,487	\$ 71,286,369	\$ 11,706

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ 4,693,567	\$ 926,595	\$ 50,000		\$ (3,716,972)	\$ -	\$ (3,716,972)	\$ -
Judicial	2,049,750	587,217	122,724		(1,339,809)	-	(1,339,809)	-
Public safety	9,847,977	1,442,360	14,038		(8,391,579)	-	(8,391,579)	-
Road maintenance and repair	2,286,830	(11,584)	1,657,096		(641,318)	-	(641,318)	-
Public works	1,309,277	289,466			(1,019,811)	-	(1,019,811)	-
Health and sanitation	2,015,234	454,678			(1,560,556)	-	(1,560,556)	-
Culture and recreation	1,270,849	473,684			(797,165)	-	(797,165)	-
Library	837,813	69,421	16,105		(752,287)	-	(752,287)	-
Community development	288,244	7,510	150,032		(130,702)	-	(130,702)	(4,406)
Interest on long-term debt	752,489				(752,489)	-	(752,489)	-
Total governmental activities	25,352,030	4,239,347	2,009,995	-	(19,102,688)	-	(19,102,688)	(4,406)
Business-type Activities:								
Water and sewer	7,083,210	8,213,692	-		-	1,130,482	1,130,482	-
Total primary government	\$ 32,435,240	\$ 12,453,039	\$ 2,009,995	\$ -	(19,102,688)	1,130,482	(17,972,206)	(4,406)
Component unit: Economic Development Corporation								
General revenues:								
Taxes:								
Property taxes, levied for general purposes					17,157,092	-	17,157,092	-
Property taxes, levied for debt services					2,617,399	-	2,617,399	-
Franchise taxes					453,310	-	453,310	-
Investment earnings					357,776	49,837	407,613	47
Transfers					(50,000)	50,000	-	-
Total general revenues and transfers					20,535,577	99,837	20,635,414	47
Change in net assets					1,432,889	1,230,319	2,663,208	(4,359)
Net assets-beginning					17,438,976	9,193,202	26,632,178	11,659
Net assets-ending					\$ 18,871,865	\$ 10,423,521	\$ 29,295,386	\$ 7,300

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	GENERAL	MAJOR STREET	SOLID WASTE	2003 STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,439,409	\$ 633,947	\$ 418,572	\$ 4,147,239	\$ 1,003,275	\$ 7,642,442
Investments	548,364	296,449	195,735	1,939,352	306,979	3,286,879
Receivables:						
Taxes	395,600	-	48,381	-	81,676	525,657
Customers, billed	297,836	107,419	173,981	-	61,451	640,687
Special assessments	1,091	-	-	-	67,696	68,787
Accrued interest	7,788	3,770	2,469	25,938	3,854	43,819
Due from other governmental units	11,125	-	-	-	18,277	29,402
Due from State	851,035	187,538	-	-	74,080	1,112,653
Due from other funds	38,116	-	-	-	-	38,116
Restricted assets:						
Cash and cash equivalents	-	-	-	-	158,902	158,902
Prepaid expenditures	231,003	1,852	2,750	1,303	29,033	265,941
<u>TOTAL ASSETS</u>	\$ 3,821,367	\$ 1,230,975	\$ 841,888	\$ 6,113,832	\$ 1,805,223	\$ 13,813,285
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 240,219	\$ 10,330	\$ 144,926	\$ 158,941	\$ 122,348	\$ 676,764
Accounts payable from restricted assets	-	-	-	-	158,902	158,902
Accrued and other liabilities	548,662	4,258	5,716	7,593	71,148	637,377
Due to other funds	-	-	-	-	38,116	38,116
Deferred revenue	679,085	107,419	60,239	-	119,369	966,112
TOTAL LIABILITIES	1,467,966	122,007	210,881	166,534	509,883	2,477,271
FUND BALANCES						
Reserved for:						
Debt service	-	-	-	-	334,783	334,783
Capital projects	-	-	-	5,945,995	211,010	6,157,005
Prepaid expenditures	231,003	1,852	2,750	1,303	29,033	265,941
Unreserved, reported in:						
General Fund	2,122,398	-	-	-	-	2,122,398
Special Revenue Funds	-	1,107,116	628,257	-	720,514	2,455,887
TOTAL FUND BALANCES	2,353,401	1,108,968	631,007	5,947,298	1,295,340	11,336,014
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 3,821,367	\$ 1,230,975	\$ 841,888	\$ 6,113,832	\$ 1,805,223	\$ 13,813,285

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET and
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Modified Accrual Basis		Reconciling Items				Full Accrual Basis	
	TOTAL	CAPITAL	COMPENSATED	DEFERRED	ELIMINATE	INTERNAL		
	GOVERNMENTAL	ASSETS & LONG	DEFERRED	DEFERRED	INTERFUND	SERVICE		
	FUNDS	TERM DEBT	ABSENCES	REVENUES	RECEIVABLES	FUNDS	TOTAL	
<u>ASSETS</u>								
Cash and cash equivalents	\$ 7,642,442	\$ -	\$ -	\$ -	\$ -	\$ 1,099,341	\$ 8,741,783	
Investments	3,286,879	-	-	-	-	800,109	4,086,988	
Receivables:								
Taxes	525,657	-	-	-	-	-	525,657	
Customers, billed	640,687	-	-	(150,546)	(38,116)	-	452,025	
Special assessments	68,787	-	-	-	-	-	68,787	
Accrued interest	43,819	-	-	-	-	6,537	50,356	
Due from other governmental units	29,402	-	-	-	-	-	29,402	
Due from State	1,112,653	-	-	-	-	-	1,112,653	
Due from other funds	38,116	-	-	-	-	-	38,116	
Prepaid expenditures	265,941	-	-	-	-	81,757	347,698	
Total Current Assets	13,654,383	-	-	(150,546)	(38,116)	1,987,744	15,453,465	
Restricted assets:								
Cash and cash equivalents	158,902	-	-	-	-	-	158,902	
Capital Assets:								
Land	-	1,579,345	-	-	-	-	1,579,345	
Rights-of-way	-	600,818	-	-	-	-	600,818	
Work in progress	-	3,248,060	-	-	-	-	3,248,060	
Infrastructure - roads, net	-	15,350,037	-	-	-	-	15,350,037	
Infrastructure - sidewalks, net	-	2,247,016	-	-	-	-	2,247,016	
Depreciable buildings, net	-	672,824	-	-	-	-	672,824	
Depreciable public improvements, net	-	1,736,776	-	-	-	-	1,736,776	
Library Collection	-	97,972	-	-	-	-	97,972	
Equipment, net	-	223,015	-	-	-	-	223,015	
Equipment, net - Motor Pool	-	-	-	-	-	1,101,682	1,101,682	
Equipment, net - Central Services	-	-	-	-	-	4,970	4,970	
Total Non-current assets	158,902	25,755,863	-	-	-	1,106,652	27,021,417	
<u>TOTAL ASSETS</u>	\$ 13,813,285	\$ 25,755,863	\$ -	\$ (150,546)	\$ (38,116)	\$ 3,094,396	\$ 42,474,882	
<u>LIABILITIES AND FUND BALANCES</u>								
LIABILITIES								
Accounts payable	\$ 676,764	\$ -	\$ -	\$ -	\$ (38,116)	\$ 37,916	\$ 676,564	
Accounts payable from restricted assets	158,902	-	-	-	-	-	158,902	
Accrued and other liabilities	637,377	-	-	-	-	104,986	742,363	
Due to other funds	38,116	-	-	-	-	-	38,116	
Bonds payable - current	-	1,875,000	-	-	-	-	1,875,000	
Deferred revenue	966,112	-	-	(816,841)	-	-	149,271	
Accumulated compensated absences	-	-	1,907,801	-	-	-	1,907,801	
Bonds payable - net of current portion and bond discount	-	18,055,000	-	-	-	-	18,055,000	
TOTAL LIABILITIES	2,477,271	19,930,000	1,907,801	(816,841)	(38,116)	142,902	23,603,017	
FUND BALANCES								
Reserved for:								
Debt service	334,783	-	-	-	-	-	334,783	
Capital projects	6,157,005	-	-	-	-	-	6,157,005	
Self insurance payable	-	-	-	-	-	285,843	285,843	
Retiree Health Care	-	-	-	-	-	680,193	680,193	
Prepaid expenditures	265,941	-	-	-	-	-	265,941	
Unreserved Fund Balance	4,578,285	5,825,863	(1,907,801)	666,295	-	1,985,458	11,148,100	
TOTAL FUND BALANCES/NET ASSETS	11,336,014	5,825,863	(1,907,801)	666,295	-	2,951,494	18,871,865	
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 13,813,285	\$ 25,755,863	\$ -	\$ (150,546)	\$ (38,116)	\$ 3,094,396	\$ 42,474,882	

The notes to the financial statements are an integral part of this statement (See Note 8 on page 68).

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL	MAJOR STREET	SOLID WASTE	2003 STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property taxes	\$ 11,593,378	\$ -	\$ 1,561,635	\$ -	\$ 2,617,399	\$ 15,772,412
Special assessments	-	15,345	-	-	177,579	192,924
Licenses and permits	394,236	-	-	-	-	394,236
Intergovernmental revenue:						
Federal grants	-	-	-	-	150,013	150,013
State grants	4,049,727	1,156,626	-	-	562,771	5,769,124
Other grants	50,000	-	-	-	29,350	79,350
Charges for services	529,592	-	414,444	-	238,696	1,182,732
Fines and forfeitures	1,493,699	-	-	-	69,915	1,563,614
Interest	112,415	17,937	24,372	148,440	60,924	364,088
Other	1,281,178	-	-	-	-	1,281,178
TOTAL REVENUES	19,504,225	1,189,908	2,000,451	148,440	3,906,647	26,749,671
EXPENDITURES						
Current:						
Judicial	-	-	-	-	1,825,187	1,825,187
General government	3,909,447	-	-	-	-	3,909,447
Public safety	9,084,459	-	-	-	52,499	9,136,958
Road maintenance and repair	-	442,322	-	59,525	480,467	982,314
Public works	1,023,786	-	1,967,531	-	19,657	3,010,974
Recreation and culture	1,129,270	-	-	-	-	1,129,270
Library	754,336	-	-	-	-	754,336
Community enrichment and development	-	-	-	-	211,270	211,270
Other non-departmental	2,151,016	-	-	-	-	2,151,016
Debt service:						
Principal	-	-	-	-	1,845,000	1,845,000
Interest	-	-	-	-	752,489	752,489
Capital outlay and construction	75,872	-	-	2,823,998	191,745	3,091,615
TOTAL EXPENDITURES	18,128,186	442,322	1,967,531	2,883,523	5,378,314	28,799,876
REVENUES OVER (UNDER) EXPENDITURES	1,376,039	747,586	32,920	(2,735,083)	(1,471,667)	(2,050,205)
OTHER FINANCING SOURCES (USES)						
Transfers in	260,000	-	-	-	1,776,085	2,036,085
Transfers (out)	(1,576,085)	(200,000)	(310,000)	-	-	(2,086,085)
TOTAL OTHER FINANCING SOURCES (USES)	(1,316,085)	(200,000)	(310,000)	-	1,776,085	(50,000)
NET CHANGE IN FUND BALANCES	59,954	547,586	(277,080)	(2,735,083)	304,418	(2,100,205)
FUND BALANCES , BEGINNING OF YEAR	2,293,447	561,382	908,087	8,682,381	990,922	13,436,219
FUND BALANCES , END OF YEAR	\$ 2,353,401	\$ 1,108,968	\$ 631,007	\$ 5,947,298	\$ 1,295,340	\$ 11,336,014

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, and
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds \$ (2,100,205)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlays in the current period. 1,569,040

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets however, a reduction of the debt increases net assets. This is the amount of principal paid on long-term debt. 1,845,000

Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the funds. The amount of deferred revenues (mainly delinquent personal property tax) recognized as revenue in the statement of activities is presented here. 36,872

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here. (77,567)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 159,749

Change in net assets of governmental activities. \$ 1,432,889

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 2,168,889	\$ 2,293,447	\$ 2,293,447	\$ -
Resources (inflows):				
Taxes, Penalties & Interest	11,465,331	11,539,000	11,593,378	54,378
Licenses & Permits	261,750	359,837	394,236	34,399
Federal Grants	-	-	-	-
State Grants	4,104,035	4,093,545	4,099,727	6,182
Interest Income	100,000	120,000	112,415	(7,585)
Service Charges	534,990	508,375	529,592	21,217
Contributions - Other Funds	535,000	260,000	260,000	-
Fines and Forfeits	1,635,000	1,415,800	1,493,699	77,899
Miscellaneous Income	922,446	1,317,520	1,281,178	(36,342)
Amounts available for appropriation	<u>21,727,441</u>	<u>21,907,524</u>	<u>22,057,672</u>	<u>150,148</u>
Charges to appropriation (outflows):				
General government:				
City Council	124,392	122,644	120,224	2,420
City Manager	469,722	474,922	465,628	9,294
Information Technology	212,305	200,662	186,081	14,581
City Attorney	120,000	210,230	199,196	11,034
Prosecuting Attorney	93,813	92,813	92,705	108
City Clerk	411,127	423,427	425,560	(2,133)
Finance & Administrative Services	824,100	647,989	632,817	15,172
Technical and Planning Services	2,111,775	2,055,131	1,787,236	267,895
Public Safety	8,035,615	9,297,115	9,084,459	212,656
Public Works	1,014,211	1,112,983	1,041,433	71,550
Recreation	1,270,270	1,272,720	1,129,270	143,450
Library	812,689	829,749	812,561	17,188
Nondepartmental	2,037,079	2,837,968	2,151,016	686,952
Transfers Out	2,021,454	1,667,067	1,576,085	90,982
Total Charges To Appropriations	<u>19,558,552</u>	<u>21,245,420</u>	<u>19,704,271</u>	<u>1,541,149</u>
Budgetary fund balance, June 30	<u>\$ 2,168,889</u>	<u>\$ 662,104</u>	<u>\$ 2,353,401</u>	<u>\$ 1,691,297</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 271,736	\$ 561,382	\$ 561,382	\$ -
Resources (inflows):				
State Grants - Streets	1,034,773	1,200,000	1,156,626	(43,374)
Special Assessments	15,400	15,400	15,345	(55)
Interest Income & Other	10,500	8,000	17,937	9,937
Amounts available for appropriator	<u>1,332,409</u>	<u>1,784,782</u>	<u>1,751,290</u>	<u>(33,492)</u>
Charges to appropriation (outflows):				
Road Maintenance & Repair	487,658	447,100	442,322	4,778
Transfers Out	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Charges To Appropriations	<u>687,658</u>	<u>647,100</u>	<u>642,322</u>	<u>4,778</u>
Budgetary fund balance, June 30	<u>\$ 644,751</u>	<u>\$ 1,137,682</u>	<u>\$ 1,108,968</u>	<u>\$ (28,714)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 805,867	\$ 908,087	\$ 908,087	\$ -
Resources (inflows):				
Property Taxes	1,821,079	1,553,000	1,561,635	8,635
Miscellaneous Fees	480,000	480,000	414,444	(65,556)
Interest Income	<u>22,000</u>	<u>20,000</u>	<u>24,372</u>	<u>4,372</u>
Amounts available for appropriation	<u>3,128,946</u>	<u>2,961,087</u>	<u>2,908,538</u>	<u>(52,549)</u>
Charges to appropriation (outflows):				
Public Works - Sanitation	1,970,839	2,242,000	1,967,531	274,469
Transfers Out	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>-</u>
Total Charges To Appropriations	<u>2,280,839</u>	<u>2,552,000</u>	<u>2,277,531</u>	<u>274,469</u>
Budgetary fund balance, June 30	<u>\$ 848,107</u>	<u>\$ 409,087</u>	<u>\$ 631,007</u>	<u>\$ 221,920</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 385,376	\$ 1,099,341
Investments	180,024	800,109
Receivables (net)	2,538,270	6,537
Due from other units of government	1,329,054	-
Prepaid expenses	10,058	81,757
	<hr/>	<hr/>
Total current assets	4,442,782	1,987,744
Noncurrent assets:		
Depreciable Net Assets	<hr/> 24,368,705	<hr/> 1,106,652
	<hr/>	<hr/>
Total assets	<hr/> \$ 28,811,487	<hr/> \$ 3,094,396
	<hr/>	<hr/>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,016,344	\$ 37,916
Current portion of accumulated compensated absences	8,259	
Accrued and other liabilities		104,986
Current portion of long-term obligations (Note 16)	906,693	-
Total current liabilities	<hr/> 1,931,296	<hr/> 142,902
Noncurrent liabilities:		
Accumulated Compensated Absences	37,050	-
Noncurrent portion of long-term obligations (Note 16)	16,419,620	-
Total noncurrent liabilities	<hr/> 16,456,670	<hr/>
Total liabilities	<hr/> 18,387,966	<hr/> 142,902
	<hr/>	<hr/>
NET ASSETS		
Invested in capital assets, net of related debt	7,042,392	1,106,652
Unrestricted	<hr/> 3,381,129	<hr/> 1,844,842
	<hr/>	<hr/>
Total net assets	10,423,521	2,951,494
Total liabilities and net assets	<hr/> \$ 28,811,487	<hr/> \$ 3,094,396
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENSES, and CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
Operating revenues:		
Charges for services	\$ 8,183,997	\$ 1,568,585
Fines and forfeitures	-	51,859
Miscellaneous	29,695	45,879
Total operating revenues	<u>8,213,692</u>	<u>1,666,323</u>
Operating expenses:		
Gas purchases	-	120,389
Professional services	-	46,797
Supplies	-	147,117
Postage	-	57,368
Water purchases	1,271,894	-
Sewage treatment	2,794,455	-
Transmission and distribution	916,638	-
Maintenance and operation	401,278	-
Customer accounting and collection	480,577	-
General and administration	351,032	-
Depreciation	233,857	220,824
Wages and benefits	-	159,361
Claims	-	62,132
Insurance payments	-	740,962
Total operating expenses	<u>6,449,731</u>	<u>1,554,950</u>
Operating income (loss)	<u>1,763,961</u>	<u>111,373</u>
Nonoperating revenues (expenses):		
Interest and investment revenues	49,837	31,855
Gain on investments	-	16,836
Interest expense	(633,479)	-
Loss on disposal of capital assets	-	(315)
Total nonoperating revenues (expenses):	<u>(583,642)</u>	<u>48,376</u>
Income (loss) before transfers	<u>1,180,319</u>	<u>159,749</u>
Transfers in	<u>50,000</u>	<u>-</u>
Change in net assets	<u>1,230,319</u>	<u>159,749</u>
Total net assets - beginning	<u>9,193,202</u>	<u>2,791,745</u>
Total net assets - ending	<u>\$ 10,423,521</u>	<u>\$ 2,951,494</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 9,314,618	\$ -
Receipts from interfund services provided	-	1,568,585
Payments to suppliers	(5,095,406)	(1,121,010)
Payments to employees	(810,300)	(159,361)
Claims paid	-	(62,132)
Other receipts (payments)	-	94,875
Net cash provided by operating activities	3,408,912	320,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	50,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,202,769)	(180,763)
Capital debt issued	1,714,087	-
Capital debt retired	(863,589)	-
Interest paid on capital debt	(633,479)	-
Net cash (used) by capital and related financing activities	(2,985,750)	(180,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(158,518)	223,955
Interest and dividends	49,837	31,855
Net cash provided (used) by investing activities	(108,681)	255,810
Net increase (decrease) in cash and cash equivalents	364,481	396,004
Balances - beginning of year	20,895	703,337
Balances - end of year	\$ 385,376	\$ 1,099,341
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,763,961	\$ 111,373
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	233,857	220,824
Change in assets and liabilities:		
Receivables, net	1,102,543	-
Accounts and other payables	308,551	2,282
Accrued expenses	-	(13,522)
Net cash provided (used) by operating activities	\$ 3,408,912	\$ 320,957

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,156,283	\$ 136,837
Receivables:		
Accounts receivable	-	589
Interest and dividends	284,339	-
Prepaid expenses	89,628	-
Total receivables	373,967	589
Investments, at cost:		
U.S. government obligations	-	47,901
Investments, at fair value:		
U.S. government obligations	4,584,473	-
Mortgage backed securities	3,325,473	-
Corporate bonds	13,948,289	-
Corporate stocks	32,590,616	-
Total investments	54,448,851	47,901
Total assets	57,979,101	\$ 185,327
LIABILITIES		
Accounts payable	18,317	185,327
Refunds payable and others	436,293	-
Total liabilities	454,610	\$ 185,327
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ 57,524,491	

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Employee Retirement Plan
	<hr/>
ADDITIONS	
Contributions:	
Employer	\$ 2,506,790
Plan members	327,597
	<hr/>
Total contributions	2,834,387
	<hr/>
Investment earnings	
Net decrease	
in fair value of investments	(757,833)
Interest	1,294,130
Dividends	744,882
	<hr/>
Total investment earnings	1,281,179
Less investment expense	(148,069)
	<hr/>
Net investment earnings	1,133,110
	<hr/>
Total additions	3,967,497
	<hr/>
DEDUCTIONS	
Benefits	5,205,374
Health insurance	993,973
Refunds, rebates, and miscellaneous	56,833
	<hr/>
Total deductions	6,256,180
	<hr/>
Change in net assets	(2,288,683)
Net assets - beginning of year	59,813,174
	<hr/>
Net assets - end of year	\$ 57,524,491
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of ***Oak Park***, Michigan was incorporated October 30, 1945. The City operates as a Mayor/Council-Manager form of government and provides the following services as authorized by the charter: public safety (police and fire), building ordinance enforcement, highways and streets, sanitation, parks and recreation, public improvement, planning and zoning, library service, water, sewer and refuse removal.

The accounting policies of the ***City of Oak Park*** conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because they are entities for which the City is considered to be financially accountable.

Blended Component Unit

The City of Oak Park Municipal Building Authority is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan for the purpose of acquiring and owning facilities for the use of the ***City of Oak Park***. The Building Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a blended component unit. Complete financial statements of the Municipal Building Authority can be obtained from the ***City of Oak Park, Michigan***.

The City of Oak Park Library Authority was established on July 1, 2004 under Act 164 of Michigan Public Acts of 1877. The Library Authority levies a property tax of 1 mill (1 dollar of tax for every \$1,000 of taxable value of real and personal property). The Library Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a blended component unit. Complete financial statements of the Library Authority can be obtained from the ***City of Oak Park, Michigan***.

Discrete Component Unit

The City of Oak Park Economic Development Corporation is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan for the purpose of promoting development in the City. The Economic Development Corporation is governed

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

by a Board that is appointed by the City Council. The City has the ability to significantly influence the daily operations of the Corporation. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Special Revenue Fund, in which all the Corporation's activity is recorded, be included in the financial statements as a discrete component unit. Complete financial statements of the Corporation can be obtained from the *City of Oak Park, Michigan*.

The City of Oak Park Brownfield Redevelopment Authority was established to promote the redevelopment of, and private investment in, environmentally distressed properties within the City. The Brownfield Redevelopment Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a discrete component unit. Complete financial statements of the Brownfield Authority can be obtained from the *City of Oak Park, Michigan*.

BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement 33.

The statement of net assets and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component unit, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets.

The statement of net assets and the statement of activities are presented to distinguish between governmental and business type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. Business type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods,

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Capital assets are reported in the government wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, library collection, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period and an individual cost of more than \$5,000. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings. Roads are depreciated as a class with each class containing items based on their date of construction or reconstruction. Sidewalks are depreciated by class with each class containing items based on the year of construction.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund - The Major Street Fund is a special revenue fund used to account for the repair, maintenance and construction of the City's major streets as identified by the State of Michigan Department of Transportation.

Solid Waste Fund - The Solid Waste Fund is used to account for the collection and disposal of the City's solid waste.

2003 Street Improvement Fund - The 2003 Street Improvement Fund is used to account for the construction of streets funded by the 2003 Street Improvement General Obligation Bonds.

In addition the City reports on the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust funds).

PROPRIETARY FUNDS

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water & Sewer Fund and the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise Fund and Internal Service Funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Continued)

meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is an Enterprise Fund. The City operates one Enterprise Fund, which accounts for the operation of the Water and Sewer Systems. The fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges.

Additionally, the City reports the following fund type:

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City reports on five internal service funds 1) The Risk Management Fund is used to accumulate resources from other funds, which utilize labor, and to pay workers compensation premiums to the Michigan Municipal League's Workers Compensation Pool. It is also used for the City's property and liability insurance. 2) The Central Services Fund is used to account for Printing, Duplicating, and Mail services performed for the City's departments. 3) The Motor Pool Fund is used for the purchase and maintenance of the City's fleet. Its revenues come from rental charges for equipment to other funds. 4) The Retiree's Health Care Fund - Court is used for the accumulation of assets to fund retiree's health care for District court employees and 5) The Retiree's Health Care Fund – General is used for the accumulation of assets to fund retiree's health care for city employees.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City has a Pension Trust Fund, which accounts for assets, liabilities, revenues and expenses in essentially the same manner as Proprietary Funds since capital maintenance is critical.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a Payroll Agency Fund used to account for payment of employee's payroll. It also uses an Escrow Agency Fund used to hold assets belonging to another person or entity such as bond deposits.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 60 days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available, spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, pension trust funds and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewer Fund utility service receivables are recorded at year-end.

All proprietary funds and the pension trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net assets. Proprietary funds and the pension trust funds report fund equity as net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY DATA

Budgets are adopted on the modified accrual basis consistent with generally accepted accounting principles except that transfers are reported as revenue and expenditures. Annual appropriated budgets are adopted for the General, Special Revenue, and Capital Project Funds and the following Debt Service Funds - 2003 Street Improvement Fund and the 2003 Refunding Bond Fund. Annual budgets lapse at year-end. A budget is not adopted for the Municipal Building Authority Debt Service Fund.

The level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department (activity) level for the General Fund and the activity level for Special Revenue and Debt Service Funds.

The governing body must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. Department Directors or the City Manager can transfer appropriations between line items within a department or activity without governing body approval. Supplemental appropriations were necessary during the year, which increased total expenditures.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget. These material encumbrances outstanding at year-end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

DEPOSITS AND INVESTMENTS

The City of Oak Park's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

INTERFUND RECEIVABLES/PAYABLES

In addition to transactions related to pooled cash, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are included in the "Due from Other Funds" or "Due to Other Funds" accounts on the balance sheet.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reported the following receivables as of June 30, 2005:

	<u>Taxes</u>	<u>Accounts</u>	<u>Special Assessments</u>	<u>Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Due From Other Funds</u>	<u>Total Receivables</u>
Governmental Activities:							
General	\$ 395,600	\$ 297,836	\$ 1,091	\$ 7,788	\$ 862,160	\$ 38,116	\$ 1,602,591
Special Revenue	48,381	338,320	-	9,354	279,895	-	675,950
Debt Service	81,676	-	-	-	-	-	81,676
Capital Projects	-	4,531	67,696	26,677	-	-	98,904
Internal Service	-	-	-	6,537	-	-	6,537
Total -							
Governmental Activities	<u>\$ 525,657</u>	<u>\$ 640,687</u>	<u>\$ 68,787</u>	<u>\$ 50,356</u>	<u>\$ 1,142,055</u>	<u>\$ 38,116</u>	<u>\$ 2,465,658</u>
Business-Type Activities							
Water and Sewer	<u>\$ -</u>	<u>\$ 2,535,592</u>	<u>\$ 369</u>	<u>\$ 2,309</u>	<u>\$ 1,329,054</u>	<u>\$ -</u>	<u>\$ 3,867,324</u>

Special Assessments are the only receivables not expected to be collected within one year.

The City reported the following payables as of June 30, 2005:

			Due To	
		Accrued	Other	
	<u>Accounts</u>	<u>Wages</u>	<u>Funds</u>	<u>Total</u>
Governmental Activities				
General	\$ 240,219	\$ 548,662	\$ -	\$ 788,881
Special Revenue	419,962	81,122	17,413	518,497
Debt Service	5,374	-	-	5,374
Capital Projects	170,111	7,593	20,703	198,407
Internal Service	37,916	104,986	-	142,902
Total -				
Governmental Activities	<u>\$873,582</u>	<u>\$ 742,363</u>	<u>\$ 38,116</u>	<u>\$ 1,654,061</u>
Business-Type Activities				
Water and Sewer	<u>\$ 966,846</u>	<u>\$ 49,498</u>	<u>\$ -</u>	<u>\$1,016,344</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair market value on the date donated.

Depreciation of all exhaustible capital assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Water and sewer system	20 to 100 years
Roads	25 years
Sidewalks	20 years
Vehicles	3 to 10 years
Machinery and equipment	3 to 30 years
Buildings and improvements	10 to 50 years
Library Books	5 years

UNEARNED REVENUES

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported as deferred revenues \$679,085 related to the personal property taxes, assessments receivable, and cellular antennae franchise fees and certain accounts receivable within the General Fund; \$107,419 for assessments receivable in the Major Street Fund, \$92,065 related to solid waste taxes and federal grants received but not expended in the Special Revenue Funds; \$75,065 for taxes receivable within the Debt Service Funds; and \$12,478 for assessments and other receivables within the Capital Project Funds.

LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS (Continued)

governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of any deferred charges on bond refundings. Issuance costs are reported as deferred charges.

FUND EQUITY

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designations represent equity designated by the City for specific future uses.

PENSION PLANS

The provision for pension cost is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 31 each year. City taxes are levied and immediately due on the following July 1, are collected without penalty through September 15, and with penalty thereafter. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available, and collected within sixty days after year-end. The City bills and collects its own property taxes as well as taxes for the County, three school districts and a community college within its jurisdiction. Collections and remittances of the County and school taxes are accounted for in the Current Tax Agency Fund.

SPECIAL ASSESSMENTS

Special assessments are recorded as revenues when due, not when levied. Estimated annual installments not yet available are reflected as deferred revenue. Special assessments are billed annually on June 1 and are due and payable August 1.

COMPENSATED ABSENCES

Effective July 1, 1993, the City adopted Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences" including Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES (Continued)

Governmental Fund Financial Statements.” Sick pay and vacation hours earned are recognized in the governmental financial statements when they are paid.

The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. This liability is composed of: 1) employees who vest in the retirement system and are paid for fifty percent of unused sick days upon termination of employment and 2) Unused vacation paid upon termination of employment.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 20

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

2. EXPENDITURES OVER BUDGET

Compliance with Amended Budget and Michigan Public Act (P.A.) 2 of 1968 and Other Budgeting Matters:

P.A. 2 of 1968 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, with the approved budgets of the City of those budgetary funds being adopted at the activity or department level. A comparison of the original budget adopted by City Council and budget amendments can be examined at City Hall, 13600 Oak Park Blvd., Oak Park, Michigan.

During the year ended June 30, 2005, the City incurred expenditures in certain budgetary funds, which were in excess of amounts appropriated, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund			
City Clerk	\$ 423,427	\$ 425,560	(\$2,133)
Local Street Fund	\$ 457,750	\$ 550,467	(\$92,717)

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

2. EXPENDITURES OVER BUDGET (Continued)

Narcotics Forfeiture Fund	\$ 26,000	\$ 30,822	(\$4,822)
Criminal Justice Training Fund	\$ 15,000	\$ 21,677	(\$6,677)
After School Grant Fund	\$ 12,725	\$ 14,409	(\$1,684)
2003 St. Refunding Debt Service Fund	\$1,835,542	\$ 1,838,810	(\$3,268)
Sidewalk Program Fund	\$ 190,308	\$ 199,965	(\$9,657)

The City's appropriation resolution is generally passed during the May preceding the fiscal year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The City Manager has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

3. BUILDING PERMITS AND RELATED COSTS

The City has the following revenues and costs related to building permits:

	<u>Prior Years</u>	<u>FY 2004 – 2005</u>	<u>Total</u>
Building permit revenue	\$680,022	\$ 181,457	\$ 861,479
Less: Expenditures	<u>(1,157,988)</u>	<u>(253,897)</u>	<u>(1,411,885)</u>
Shortfall at June 30	<u>(\$477,966)</u>	<u>(\$ 72,440)</u>	<u>(\$ 550,406)</u>

4. DEPOSITS AND INVESTMENTS

Cash and cash equivalents per:	
Statement of Net Assets	\$ 9,138,865
Statement of Fiduciary Net Assets	3,293,120

Investments per:	
Statement of Net Assets	4,267,012
Statement of Fiduciary Net Assets	54,496,752

Restricted cash and cash equivalents per	
Statement of Net Assets	<u>158,902</u>

Total Deposits and Investments	<u>\$71,354,651</u>
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Restricted Cash:

The amount of \$158,902 in restricted cash represents bonds posted by individuals who have pending court cases in the 45B District Court Fund. These bonds must be returned to the individuals and therefore are restricted.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

4. DEPOSITS AND INVESTMENTS (Continued)

Deposits:

To the extent that cash from various funds have been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds investment earnings are allocated to the General Fund.

Investments:

Statutory Authority

State statutes authorize the City of Oak Park to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

The City of Oak Park investment policy allows for all of these types of investments.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2005 the City of Oak Park had the following investments in its internal investment pool:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Certificates of Deposit:			
Standard Federal Bank	July, 2005	\$ 1,906,920	16.13 %
Fifth Third Bank	July, 2005	910,906	7.71
Bank of Bloomfield Hills	August, 2005	1,279,783	10.83
Commercial Paper:			
Nissan Corporation	July, 2005	1,371,145	11.60
Daimler Chrysler	August, 2005	2,323,429	19.65
U. S. Agencies			
Federal Home Loan Bank	Sept. 2005– Oct., 2006	3,513,978	29.72
Federal Home Loan Mortgage Corp.	December, 2006	<u>514,907</u>	<u>4.36</u>
Total		<u>\$ 11,821,068</u>	100 %

As a means of limiting its exposure to fair value losses arising from rising interest rates, the city's investment policy limits at least sixty percent of the city's investment portfolio to maturities of less than three years. The city's investment policy also prohibits investments with a maturity of greater than five years.

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The city's investment policy has the same limits. As of June 30, 2005 the city's investment in commercial paper were rated A2 by Standard & Poor's and P2 by Moody's Investors Services.

Custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be returned. State law does not require and the city does not have a policy for deposit custodial credit risk. As of year end \$ 9,920,582 of the city's bank balance of \$ 10,332,288 was exposed to custodial credit risk because it was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial risk. The city's investment policy requires all securities (except certificate of deposit) purchased by the city shall be properly designated as an asset of the city and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Michigan, and no withdrawals of such securities shall be made from safekeeping except by the city.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

State law limits allowable investments but does not limit concentration of credit risk. The city's investment policy limits the amount that can be invested in a single security type to 50 percent (excluding U.S. securities) and limits the amount invested in a single financial institute to 25 percent. The levels on concentration of each investment is in the above table.

State statutes govern the City's investment policies. General City funds must be deposited in government insured bank accounts in banks, savings and loans, and credit unions, provided the latter two meet State Filing requirements and its lending practices are not discriminatory. Pension trust fund investments must conform to the limits and standards set forth in Michigan Public Act 55 of the Public Acts of 1982, as amended, and Public Act 252 of 1988.

The term of investments and financial institutions used for investment purposes are determined based on City needs. The City Treasurer periodically assesses the financial strength and services provided by financial institutions to help ensure that integrity of principal and City investment needs are met.

The City's investments in the Employees Retirement Plan at June 30, 2005 are summarized as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
U.S. Government Obligations:			
GNMA Pools	3/15/2006 – 3/14/2011	\$ 3,094	Aaa
	3/15/2011 – 2/15/2014	3,724	Aaa
Federal Home Loan Bank	9/7/2005 – 9/6/2010	3,018,280	Aaa
	9/7/2005 – 2/27/2014	1,559,375	Aaa
Mortgage Backed Securities	12/23/2008 – 12/22/2013	1,684,349	Aaa
	12/23/2013 – 5/1/2033	1,641,124	Aaa
Corporate Bonds	8/29/2005 – 8/28/2010	8,461,990	Aaa–Ba1
	8/29/2010 – 8/28/2015	1,094,937	A2–A3
	8/29/2015 – 8/28/2020	464,000	Aa3
	8/29/2020 – 8/28/2025	886,969	Baa2–Ba1
	8/29/2025 – 5/1/2028	1,112,148	Aa3–Ba1
Common Stock		32,590,616	
Preferred Stocks		<u>1,928,245</u>	
Total		<u>\$ 54,448,851</u>	

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Ratings are provided by Moody's Investor Service.

Pension trust investments are subject to a number of restrictions as to the type, quality, and concentration of investments made, including the limiting of equity investments.

Included in the City's investments at June 30, 2005 are the following:

- a) Approximately \$6,818 of securities issued by the Government National Mortgage Association (GNMA) and \$1,647,679 issued by the Federal National Mortgage Association (FNMA). These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment.

Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

- b) Approximately \$6,068,435 of collateralized mortgage obligations (or obligations of the Federal National Mortgage Association or Government National Mortgage Association). These investments are usually not backed by the full faith and credit of the U. S. government. Credit ratings are supplied above. The yields provided by these mortgage-related securities historically have exceeded yields on other types of U. S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

- c) Variable rate instruments (floaters) of approximately \$187,015. These securities are based on cash flows from interest and principal payments in underlying securities. These variable rate debt instruments are tied to prevailing short-term interest rates and are relatively insensitive to interest rate changes. There is no prepayment risk associated with these instruments.

The mutual funds are registered with the SEC. The Michigan Banking Act regulates the bank investment pools. The fair value of the position in the bank investment pools is the same as the value of the pool shares. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

5. PROPERTY TAXES

Property taxes are levied based on taxable values of property located in the City. Taxable values are established annually. The taxable property values for the 2004 tax levy are as follows:

	<u>Taxable Value</u>
Real property	\$574,420,710
Personal property	<u>49,005,590</u>
Total	<u>\$623,426,300</u>

The City is permitted by City Charter to levy up to a maximum of \$20.00 (20 mills) per \$1,000 of Taxable Value for operations that is reduced by the Headlee Act and the Truth in Taxation Act. Additionally, state law allows the City to levy taxes for solid waste collection and disposal. It is also permitted to levy unlimited amounts for repayment of existing general long-term debt obligations. As of July 1, 2004, 16.4981 mills were levied for general governmental services, 2.4745 mills were levied for solid waste and 4.1468 mills were levied for long-term debt retirement.

6. CAPITAL ASSETS

The City adopted a Capitalization Policy that identified Capital Assets as those items having a value of \$5,000 or more as of June 30, 2000. In conjunction with this policy an appraisal of all Capital Assets as of June 30, 2000 was conducted by an independent appraisal firm. In the appraisal process costing techniques used were in compliance with Generally Accepted Accounting Principals (GAAP). Original cost and acquisition date was used for property inventoried when invoices and accurate records were available. Standard costing and normal costing techniques were used when original records were not available. Infrastructure assets included all items regardless of their acquisition date or amount.

In standard costing, inventoried property units/groups not reconciled to a historical record received an estimated cost, where possible, based on a standard cost - a known average installed cost for a like unit at the estimated acquisition date. The unit's age is estimated based on observed condition, manufacturer's name, model, serial number, age of the facility, and other factors.

In normal costing, where the preceding technique cannot be employed to apply historical cost, cost is estimated based on a present cost reproduction new indexed by a reciprocal factor of the price increase from the estimated date acquired to the appraisal date.

General Capital Assets are reported as of June 30, 2005 based on this appraisal report. Deletion amounts reported as of June 30, 2005 are based on this appraisal report. Additions are based on actual activity during the fiscal year.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

6. CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Primary Government</u>		<u>Balance</u> <u>June 30, 2005</u>
		<u>Additions</u>	<u>Deletions</u>	
Governmental Activities:				
<u>Nondepreciable Assets</u>				
Land	\$1,579,345	0	0	\$1,579,345
Rights-of-way	600,818	0	0	600,818
Work in progress	588,955	2,659,105		3,248,060
<u>Depreciable Assets</u>				
Infrastructure – roads	85,782,475	0	0	85,782,475
Infrastructure – sidewalks	4,196,092	180,308	(111,100)	4,265,300
Buildings	3,264,924	43,473	(3,300)	3,305,097
Improvements – other	2,194,861	139,067	0	2,333,928
Library collection	141,883	58,225	0	200,108
Vehicles and equipment	2,836,103	183,363	(45,145)	2,974,321
Miscellaneous equipment	<u>1,438,846</u>	<u>11,437</u>	<u>0</u>	<u>1,450,283</u>
Subtotal - Depreciable Assets	<u>99,855,184</u>	<u>615,873</u>	<u>(159,545)</u>	<u>100,311,512</u>
Total at historical cost	<u>102,624,302</u>	<u>3,274,978</u>	<u>(159,545)</u>	<u>105,739,735</u>
Less accumulated depreciation for:				
Infrastructure – roads	(69,370,393)	(1,062,045)	0	(70,432,438)
Infrastructure - sidewalks	(1,916,118)	(213,266)	111,100	(2,018,284)
Buildings	(2,593,480)	(42,093)	3,300	(2,632,273)
Improvements – other	(518,819)	(78,333)	0	(597,152)
Library collection	(67,937)	(34,199)	0	(102,136)
Vehicles and equipment	(1,695,701)	(219,168)	42,230	(1,872,639)
Equipment - general	<u>(1,128,003)</u>	<u>(94,295)</u>	<u>0</u>	<u>(1,222,298)</u>
Total accumulated depreciation	<u>(77,290,451)</u>	<u>(1,743,399)</u>	<u>156,630</u>	<u>(78,877,220)</u>
Subtotal - Depreciable Assets	<u>22,564,733</u>	<u>(1,127,526)</u>	<u>(2,915)</u>	<u>21,434,292</u>
Governmental activities capital assets, net	<u>\$25,333,851</u>	<u>\$1,531,579</u>	<u>\$(2,915)</u>	<u>\$26,862,515</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

6. CAPITAL ASSETS (Continued)

Primary Government

Business-type Activities:

	Balance			Balance
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
<u>Nondepreciable Assets</u>				
Land	11,502	0	0	11,502
Work in Progress	12,734,988	2,857,280	0	15,592,268
<u>Depreciable Assets</u>				
Buildings	233,624	0	0	233,624
Garage	24,564	0	0	24,564
Equipment – other	32,737	0	0	32,737
Vehicles and Equipment	1,006,735	0	0	1,006,735
Water System	9,298,435	194,530	0	9,492,965
Water – Hydrants	560,836	0	0	560,836
Water – Tanks	166,833	0	0	166,833
Water – Pump Station	1,054,921	0	0	1,054,921
Water – Master Meter	27,514	0	0	27,514
Water – Reservoir	500,706	0	0	500,706
Water – Reservoir Pump	413,457	0	0	413,457
Sewer System	<u>1,241,887</u>	<u>150,959</u>	<u>0</u>	<u>1,392,846</u>
Subtotal - Depreciable Assets	<u>14,562,249</u>	<u>345,489</u>	<u>0</u>	<u>14,907,738</u>
Total at historical cost	\$27,308,739	\$3,202,769	0	\$30,511,508
Less accumulated depreciation for:				
Buildings	(193,485)	(3,678)	0	(197,163)
Garage	(24,563)	0	0	(24,563)
Equipment – other	(23,761)	(1,768)	0	(25,529)
Vehicles and Equipment	(826,101)	(27,861)	0	(853,962)
Water System	(2,933,714)	(114,538)	0	(3,048,252)
Water – Hydrants	(351,550)	(8,837)	0	(360,387)
Water – Tanks	(138,674)	(5,689)	0	(144,363)
Water – Pump Station	(682,841)	(31,131)	0	(713,972)
Water – Master Meter	(17,885)	(343)	0	(18,228)
Water – Reservoir	(409,726)	(10,550)	0	(420,276)
Water – Reservoir Pump	(188,634)	(9,394)	0	(198,028)
Sewer System	<u>(118,012)</u>	<u>(20,068)</u>	<u>0</u>	<u>(138,080)</u>
Total accumulated depreciation	<u>(5,908,946)</u>	<u>(233,857)</u>	<u>0</u>	<u>(6,142,803)</u>
Subtotal - Depreciable Assets	<u>8,653,303</u>	<u>111,632</u>	<u>0</u>	<u>8,764,935</u>
Business-type activities capital assets, net	<u>\$21,399,793</u>	<u>\$ 2,968,912</u>	<u>0</u>	<u>\$24,368,705</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 47,542
Judicial	784
Public Safety	28,903
Road Maintenance & Repair	1,275,311
Public Works	74,041
Culture and Recreation	61,795
Library	<u>34,199</u>
Sub-Total: Governmental Activities	1,522,575
In addition, depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets	<u>220,824</u>
Total depreciation expense	<u>\$ 1,743,399</u>

7. SUMMARY OF PROPRIETARY TYPE FUNDS CAPITAL ASSETS

Proprietary type funds capital assets at June 30, 2005 are summarized as follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 11,502	\$ -
Buildings	258,188	-
Vehicles	1,006,735	2,974,322
Equipment	32,737	11,596
Water transmission and distribution mains	9,492,965	-
Fire hydrants	560,836	-
Water Tank	166,833	-
Water Pumping Station	1,054,921	
Water Master Meter	27,514	
Water Reservoir	500,706	
Water Reservoir Pumping Station	413,457	
Sewer System	1,392,846	
Work in Progress	<u>15,592,268</u>	<u>-</u>
Total Undepreciated cost	30,511,508	2,985,918
Less: accumulated depreciation	<u>(6,142,803)</u>	<u>(1,879,266)</u>
Total proprietary fund types property and equipment, net of accumulated depreciation	<u>\$24,368,705</u>	<u>\$1,106,652</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

8. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSET

"Total fund balances" of the City's governmental funds (\$11,336,014) on the Governmental Funds Balance Sheet differs from "net assets" of governmental activities (\$18,871,865) reported in the statement of net assets. The difference primarily results from the long-term economic focus of the statement of net assets versus the current resources focus of the governmental fund balance sheets. The following is a description of each difference found on the reconciliation of government funds balance sheet and statement of net assets:

1. When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However the statement of net assets includes those assets among the assets of the City as a whole.

Cost of capital assets	\$102,753,818
Accumulated depreciation	<u>(76,997,955)</u>
	<u>\$ 25,755,863</u>

2. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. The balance of bonds payable as of June 30, 2005 is \$19,930,000 and is recognized as a liability on the statement of net assets but not on the governmental funds balance sheet.

3. The City provides employees with sick, vacation, and personal leave, which can be accumulated and redeemed for compensation at retirement. This leave is referred to as accumulated compensated absences. Leave not used at the end of the fiscal year is not payable from current resources and is not recognized on the governmental funds balance sheet. The amount of \$1,907,801 is recognized as a long-term liability on the statement of net assets. The amount payable by fund is as follows:

General Fund	\$ 1,738,767
Major Streets	28,770
Local Streets	3,877
District Court	<u>136,387</u>
	<u>\$ 1,907,801</u>

4. Some revenues will not be collected for several months after the City's fiscal year ends and are not considered "available" revenues in governmental funds. These revenues are presented as "deferred revenues" with a corresponding accounts receivable on the governmental funds balance sheet. These revenues are recognized as revenues in the period which they were earned, with a corresponding estimate of uncollectible amounts, on the statement of net assets. These amounts are as follows:

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

8. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSET (Continued)

	<u>Total</u>	<u>Estimated Allowance for Uncollectible Accounts</u>		<u>Revenue</u>
		<u>Percent</u>	<u>Amount</u>	
Delinquent personal property tax	\$ 481,142	21.40	\$102,965	\$ 378,177
Emergency Service Billings	208,348	25.21	47,581	160,767
Special Assessments	<u>127,351</u>	0	<u>0</u>	<u>127,351</u>
Total	<u>\$ 816,841</u>		<u>\$ 150,546</u>	<u>\$ 666,295</u>

The City levies a tax on personal property of commercial and industrial businesses. Taxes that remain unpaid at the end of the tax year are collected by Oakland County under a contractual agreement with the City. The uncollectible amount is estimated using past experience of canceled accounts.

Emergency Service Billings represent amounts charged to persons convicted of drunk driving and are charged for time and materials used in their arrests. Uncollectible amounts were estimated using past experience of amounts written off by the City's collection agency.

Special Assessments are levied on properties that have services performed for them by the City, such as weed mowing. These amounts are put on a taxpayer's property tax bill and are paid 100% by the Oakland County as part of the tax settlement.

5. Internal service funds are used by management to charge the costs of certain activities, such as risk management and motor pool, to individual funds. The balance of assets, liabilities, and fund equity at year-end are accounted for on the statement of net assets but not on the governmental balance sheet.

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in fund balances" for governmental funds (\$ 2,100,205 decrease) on the Statement of Revenues, Expenditures and Changes in Fund Balance differs from the "change in net assets" for governmental activities (\$ 1,432,889 increase) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The following is a description of each difference found on the reconciliation of statement of revenues, expenditures and changes in fund balance to the statement of activities:

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

1. Capital outlays are reported as an expenditure in the statement of revenues, expenditures and changes in fund balance. The costs of these outlays are spread over the estimated useful lives of the assets (depreciation) in the statement of activities. The difference is illustrated below:

Total additions:	\$3,274,978
Less: Internal Service Funds capital purchases	<u>(183,363)</u>
Capital outlays as expenditures in FY 2004-2005	3,091,615
Total depreciation:	\$1,743,399
Less: Internal Service Funds depreciation	<u>(220,824)</u> <u>(1,522,575)</u>
	<u>\$ 1,569,040</u>

2. Principal on long-term debt was reduced in FY 2004-2005 by \$1,845,000. The debt was originally issued to purchase capital assets and the outstanding liability is reported as reduction of net assets. Reducing the liability increases net assets.

3. Deferred revenue is estimated as explained in footnote 8(4) above. The estimate of revenue earned in FY 2004-2005 by program is as follows:

General Government	\$ (2,058)
Public Safety	15,476
Road Maintenance & Repair	(14,854)
Public Works	(3,679)
Health and Sanitation	15,862
Community Development	7,500
General Tax Revenue	<u>18,625</u>
	<u>\$ 36,872</u>

4. The change in the long-term expense for accumulated compensated absences reported in the statement of activities and not the statement of revenues, expenditures and changes in fund balance is as follows:

General Fund	\$49,068
Major Streets	4,664
Local Streets	725
District Court	<u>23,110</u>
	<u>\$77,567</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

These expenses were charged to the following programs on the Statement of Activities:

General Government	\$ 26,492
Judicial	23,110
Public Safety	28,291
Road Maintenance & Repair	5,389
Public Works	(5,973)
Culture and Recreation	(1,378)
Library	<u>1,636</u>
	<u>\$ 77,567</u>

5. Internal service funds are used by management to charge the costs of certain activities, such as risk management, motor pool, central services, and retiree's health care to individual funds. The change in net assets of Internal Service Funds in FY 2004-2005 were included in the following programs on the Statement of Activities:

General Government	\$ 30,799
Judicial	(81,460)
Public Safety	70,345
Road Maintenance & Repair	2,848
Public Works	66,077
Health and Sanitation	5,704
Culture and Recreation	14,907
Library	2,123
Community Development	30
General Interest, Loss and Contribution	<u>48,376</u>
	<u>\$ 159,749</u>

The City's policy for eliminating the activity in the Risk Management Fund is to spread the income or loss to each activity based on direct expenditures of each activity before internal activity is eliminated.

The City's policy for eliminating the activity in the Motor Pool Fund is to spread the income or loss to each activity based on the number of vehicles used.

The City's policy for eliminating the activity in the Central Services Fund is to spread the income or loss to each activity based on direct expenditures of each activity before internal activity is eliminated.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

The City's policy for eliminating the activity in the Retirees Health Care Fund is to spread the income or loss to each activity based on the number of retirees receiving health insurance.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Michigan Municipal League sponsored self-insurance/public entity risk pools. The City pays annual premiums to the respective pools for general liability, property and workers' compensation insurance coverage and carries commercial insurance for other risks of loss. The agreements for the formation of the Michigan Municipal Liability and Property Fund and the Michigan Municipal Workers Compensation Fund provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of limitations imposed by the pool.

General Liability and Property

The City's Risk Management Fund is used to account for and finance the expenditures of the general liability and property plan. The Michigan Municipal Liability and Property Fund provides various levels of coverage, depending on which policy covers the claim. The City has numerous policies but the major policy limits are as follows: public officials and public safety officers claims are covered up to \$10 million per occurrence, vehicle liability claims are covered up to \$1 million per occurrence, and employee dishonesty claims are covered up to \$500,000. For claims that are in excess of policy limitations, reinsurance with commercial companies has been provided.

Workers' Compensation

The Risk Management Internal Service Fund is also used to account for and finance the expenditures of the workers' compensation plan. The Risk Management Fund charges other City of Oak Park funds amounts that will provide for future expected and unexpected losses. The Risk Management Fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each fund, based on a percentage of each fund's estimated current year payroll. The plan has been approved by the State of Michigan under the Michigan Workers' Disability Compensation Act.

Workers compensation claims are covered by the Michigan Municipal Worker's Compensation Self-Insurer's Fund. Under the terms of the agreement, the Fund will pay

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

10. RISK MANAGEMENT (Continued):

all claims incurred, up to a maximum of \$500,000 per occurrence. The City's liabilities for claims are recorded in the Risk Management Fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liability does not necessarily result in an exact amount. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The City's estimated claims payable at June 30, 2005 is \$74,000.

Changes in the fund's claims liability amount are as follows:

Fiscal year ended June 30:	Beginning of year liability	Current year claims	Claim payments and changes in estimates	End of Year Liability
2001	\$ 74,000	\$ 58,397	\$ 58,397	\$ 74,000
2002	74,000	71,722	71,722	74,000
2003	74,000	53,103	53,103	74,000
2004	74,000	48,183	48,183	74,000
2005	74,000	62,132	62,132	74,000

Insurance settlements have not exceeded insurance coverage in any of the past three years.

The Michigan Municipal Liability and Property Fund and the Michigan Municipal Workers Compensation Fund have published their own financial reports, which can be obtained by contacting the management of each pool.

Health Insurance

The City provides health care benefits for substantially all of its employees and certain retirees under a commercial insurance policy. The policy utilizes an experience rating system, whereby insurance premium rates are affected by the actual claims reported. A settlement is performed annually covering the policy period, ending in March. If actual and estimated claims are in excess of the premiums paid during the policy period, the excess is recovered through subsequent premium increases, not to exceed thirty percent of the excess claims. If claims are less than premiums paid, then fifty percent of the excess premiums may be used to offset future premiums or refunded at the option of the City.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

11. DEFINED BENEFIT PENSION PLAN

Plan Description and Contribution Information

The following brief description of the City of Oak Park Employee's Retirement Plan and Trust (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan, established by Chapter 15 of the City of Oak Park, Michigan Charter, is a single-employer defined benefit pension plan covering substantially all employees of the City of Oak Park. The City of Oak Park is the administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the City's primary government financial statements and a stand-alone financial report of the Plan has not been issued.

Membership of the plan consisted of the following at June 30, 2004, the date of the latest actuarial valuation:

	<u>Retirees and Beneficiaries Currently Receiving Benefits</u>	<u>Inactive Employees entitled to Benefits but Not Receiving them</u>
General	132	13
Public Safety	<u>79</u>	<u>9</u>
Total	<u>211</u>	<u>22</u>

	<u>Active Employees</u>		
	<u>Vested</u>	<u>Non-Vested</u>	<u>Total</u>
General	29	79	108
Public Safety	<u>24</u>	<u>37</u>	<u>61</u>
Total	<u>53</u>	<u>116</u>	<u>169</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

11. DEFINED BENEFIT PENSION PLAN (Continued)

Eligibility

Employees retiring with ten or more years of service are entitled to annual pension benefits. General employees may retire at age 55, with retirement mandatory at age 70 without the employer's consent to continue. General non-union employees may retire after 25 years of service, regardless of age. Public safety employees may retire at age 50, with retirement mandatory at age 60 without the employer's consent to continue. Public Safety employees may retire after 25 years of service, regardless of age.

Vested employees receive a retirement benefit based on a formula established by a Negotiated Union Contract or City Ordinance. Employees can also receive a benefit based on a disability that occurred on the job (Duty Disability), a disability that occurred outside employment (Non-Duty Disability), or Death (paid to surviving spouse or dependent). Benefits can be amended by City Ordinance (voted on by a majority of City Council) or a negotiated contract with union groups.

Contributions

Employee Contributions

Eligible general employees are not required to contribute to the Plan. Eligible public safety employees are required to contribute 5.55% of their annual compensation to the Plan in fiscal year 2004-2005. Such aggregate contributions amounted to \$327,597 (before refunds) for the year ended June 30, 2005.

Employer Contributions

The City also makes contributions to the Plan, at annual actuarially determined amounts, to provide assets sufficient to meet the benefits to be paid to plan members. The current rate paid by the City is 20.52% of annual covered payroll for General members and 29.15% of annual covered payroll for Public Safety members.

Employer and employee contributions are established, and may be amended, by City Charter and Council approved union contracts.

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

11. DEFINED BENEFIT PENSION PLAN (Continued)

The City's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan uses the entry age actuarial cost method and a 4-year smoothed market method to value assets.

Method Used to Value Investments

The Plan's investments are reported at fair value which is determined using selected bases as follows: securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have established market values are reported at estimated fair value; and cash deposits are reported at carrying amounts which reasonably estimates market value.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the City of Oak Park Employee's Retirement Plan and Trust for the current year were as follows:

Annual required contribution/pension cost	\$2,506,790
Contribution made	<u>(2,506,790)</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of a June 30, 2002 actuarial valuation using the level contribution method. The actuarial assumptions included (a) 7.5% investment rate of return on the investment, which includes 4% attributable to inflation, compounded annually, (b) projected salary increases of 4% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 4.0% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded, actuarial accrued liability is being amortized as a level percentage of projected payroll with 12 years remaining from a 40-year schedule, as of June 30, 2004.

Reserves - As of June 30, 2004 the plan's reserves have been fully funded as follows:

Legally required reserves:

Reserves for employees' contributions	\$ 3,402,167
Reserves for retired benefit payments	46,354,731
Additional reserves - Reserve for employer contributions	<u>7,767,593</u>
Total Reserves	<u>\$ 57,524,491</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

11. DEFINED BENEFIT PENSION PLAN (Continued)

The amortization period is closed - a specific number of years is counted from one date and, therefore, declines to zero with the passage of time.

Trend Information

<u>Year Ending</u>	<u>Three Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2003	\$ 830,950	100%	\$ -
6/30/2004	1,263,907	100%	-
6/30/2005	2,506,790	100%	-

12. 45B DISTRICT COURT MONEY PURCHASE PENSION PLAN

The 45B District Court Money Purchase Pension Plan is held in trust and covers 24 employees of the District Court. The plan is available to employees upon their first day of employment and benefits are fully vested upon the seventh year of service. The third party administrator for this plan is ProPension. In the money purchase pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The money purchase pension plan cost to the 45B District Court for the fiscal year ended June 30, 2005 was \$138,566. The defined contribution pension cost to the employees was \$0. Contributions to the plan are recognized when due and payable. Plan provisions and contribution rates are established and may be amended by resolution of the City Council. Unvested benefits forfeited by employees who leave employment early are redistributed to active participants. Assets of the plan are valued at \$1,095,526 as of June 30, 2005.

13. POST RETIREMENT HEALTH BENEFITS

The City provides a post retirement, group hospitalization plan for its general employees and group hospitalization, dental and optical plans for its public safety employees. These plans were established through the employees' union contracts and employees not covered by union contracts will receive the same benefits that general employees receive. The general employees' post retirement benefits and the public safety employees' coverage passes to the surviving spouse upon death of the retiree.

Currently 133 general retiree and 78 public safety retirees and surviving spouses are receiving benefits. The City pays 100% of the benefits for all public safety and general current retirees. A co-pay at the percentage indicated below will be required by retirees who were hired after January 18, 1993 for Public Safety Officers and July 1, 1992 for Public Safety Command Officers.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

13. POST RETIREMENT HEALTH BENEFITS (Continued)

<u>Years of Service</u>	<u>Employer Pays</u>	<u>Employee Pays</u>
0-9	0%	100%
10-14	55	45
15-19	75	25
20-24	85	15
25 and up	100	0

Expenditures for the premiums are paid and recognized as they become due. During the year ended June 30, 2005, expenditures for general employees of \$1,195,197 and for public safety employees of \$792,749 were recognized for retiree health insurance premiums.

There is the added stipulation in the union contracts that once retirees and dependents reach age 65, they shall be converted to Medicare Complimentary Coverage.

The City has created a Retiree's Health Care Fund in anticipation of pre-funding retiree's health care in the future. The funds set aside are not held in trust for employees.

14. JOINT VENTURES

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "Authority") which consists of 12 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board and controls six of sixty-nine votes. The governing board approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2004, the last available audited financial statements, the Authority reported a reduction in net assets in the amount of \$1,119,139 resulting in ending net assets in the amount of \$6,966,199. During the year ended June 30, 2005, the City expended \$467,188 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan, 48073.

15. LEASES

The City of Oak Park has an agreement with HoneyBaked Hockey Club for the operation of the City ice rink. HoneyBaked will pay rent of \$2,500 each month, which is to be paid in advance by the tenth of the month. The City may terminate the contract only if HoneyBaked fails to perform the terms and conditions of the contract. The City received \$30,000 from HoneyBaked for the fiscal year ended June 30, 2005.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

16. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2005:

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities -General Obligation</u>	<u>Accumulated Compensated Absences</u>	<u>Total</u>
		<u>Bonds</u>		
Long-term debt payable at July 1, 2004 (net of any bond discount)	\$16,475,815	\$21,775,000	\$1,830,234	\$ 23,605,234
Debt issued or increases	1,714,087	-0-	117,482	117,482
Debt retired	<u>(863,589)</u>	<u>(1,845,000)</u>	<u>(39,915)</u>	<u>(1,884,915)</u>
Long-term debt at June 30, 2005	17,326,313	<u>\$19,930,000</u>	<u>\$1,907,801</u>	<u>\$21,837,801</u>
Accumulated compensated Absences				
June 30, 2004: \$ 44,092				
Additions 1,575				
Subtractions (358)	<u>45,309</u>			
Total - June 30, 2005	<u>\$ 17,371,622</u>			

Significant details regarding the types of debt are presented as follows:

GENERAL OBLIGATION DEBT

<u>Bonds and Contracts Payable</u>	<u>Fund Servicing Debt</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment Varies Between</u>	<u>Outstanding Balance June 30, 2005</u>
Street Improvement - 2003 Series	Debt	May 1, 2028	3.0-5.0%	\$150,000-\$760,000	\$ 11,125,000
Street Improvement - Refunding Bond 2003 Series	Debt	May 1, 2012	2.0-3.5%	\$830,000-\$1,495,000	<u>8,805,000</u>
Total General Obligation Debt					<u>\$ 19,930,000</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

16. LONG-TERM DEBT (Continued)

The following amounts are due within one year:

Street Improvement - 2003 Series	\$ 380,000
Street Improvement – Refunding Bond - 2003 Series	<u>1,495,000</u>
Sub-Total	1,875,000
Accumulated Compensated Absences	<u>164,482</u>
Total	<u>\$ 2,039,482</u>

Debt service requirements:

<u>Year Ended</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
6/30/06	\$ 2,578,548	\$ 1,875,000	\$ 703,548
6/30/07	2,242,248	1,580,000	662,248
6/30/08	2,222,717	1,595,000	627,717
6/30/09	2,132,067	1,545,000	587,067
6/30/10	2,069,180	1,525,000	544,180
6/30/11 to 6/30/2015	5,700,450	3,530,000	2,170,450
6/30/16 to 6/30/2020	4,330,370	2,695,000	1,635,370
6/30/21 to 6/30/2025	4,309,385	3,325,000	984,385
6/30/26 to 6/30/2028	<u>2,464,300</u>	<u>2,260,000</u>	<u>204,300</u>
	<u>\$ 28,049,265</u>	<u>\$ 19,930,000</u>	<u>\$ 8,119,265</u>

All general obligation contract and bonded debt is supported by the City's full faith and credit.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

In Fiscal Year 2002-2003 the City issued two general obligation bonds totaling \$23,375,000 for the construction of streets and refunding of 1993 refunding bonds.

In November of 2002 the voters approved a millage for the construction of streets and parking lots allowing the City to issue debt in the amount of \$22.5 million. In May of 2003 the City borrowed \$11.5 million as the first phase of a six-year rebuilding program. It is expected that the remaining \$11 million of authorized debt will be issued in 2006.

On June 30, 2002 the City had \$12.915 million outstanding debt from the 1993 Refunding Bonds. In May of 2003 these bonds were redeemed to take advantage of favorable interest rates. The 2003 Refunding Bonds in the amount of \$11.875 million were issued to replace these bonds.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

16. LONG-TERM DEBT (Continued)

REVENUE BONDS

<u>Bonds, Contracts and Notes Payable</u>	<u>Fund Servicing Debt</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment Varies Between</u>	<u>Outstanding Balance June 30, 2005</u>
Water revenue bonds	Water	May 1, 2013	2.00% - 5.00%	\$300,000-\$385,000	\$ 2,675,000

LIMITED TAX GENERAL OBLIGATION BONDS

George W. Kuhn Drain Bonds	Water	April 1, 2024	2.5% -5.375%	\$609,968-\$966,383	<u>14,651,313</u>
Total Revenue Bond Debt					<u>\$17,326,313</u>

The following amounts are due within one year:

1988 Water Revenue Bonds	\$ 300,000
George W. Kuhn Drain – Series A	98,932
George W. Kuhn Drain – Series B	29,483
George W. Kuhn Drain – Series C	432,416
George W. Kuhn Drain – Series E	45,862
Accumulated Compensated Absences	<u>8,259</u>
Total	<u>\$ 914,952</u>

Debt Service requirements:

<u>Year Ended</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
6/30/06	\$ 407,075	\$ 300,000	\$ 107,075
6/30/07	406,075	305,000	101,075
6/30/08	404,975	310,000	94,975
6/30/09	408,000	320,000	88,000
6/30/10	407,000	335,000	72,000
6/30/11 to 6/30/2013	<u>1,217,250</u>	<u>1,105,000</u>	<u>112,250</u>
Subtotal	3,250,375	2,675,000	575,375
George W. Kuhn Drain	<u>14,651,313</u>	<u>14,651,313</u>	Not Available
	<u>\$17,901,688</u>	<u>\$17,326,313</u>	<u>\$ 575,375</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

16. LONG-TERM DEBT (Continued)

The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through sale of drain bonds, draw downs from the State of Michigan revolving fund, Federal and State of Michigan grants and contributions from Oakland County, Michigan. The City along with thirteen other local communities are obligated for payment of principal and interest of the outstanding debt. It is currently anticipated that the City's total obligation at the end of construction will be approximately \$15.6 million with an interest rate ranging from 2.5% to 5.375%. As of June 30, 2005 the City's obligation is \$14.65 million and incurred interest expense of \$405,626 for the year then ended. Due to the current construction of the project, the sale of drain bonds and draws from the State of Michigan revolving fund are being incurred on as an as needed basis and thus an accurate schedule of principal and interest payments cannot be determined at this time.

The water revenue bonds are not a general obligation or indebtedness of the City but are payable solely from the net revenues of the Water Supply System Fund. As additional security, the City has signed a Revenue Sharing Pledge Agreement.

On June 30, 2003 the city had \$3.175 million outstanding debt from the 1992 Refunding Bonds. In March of 2004 these bonds were redeemed to take advantage of favorable interest rates. The 2004 Refunding Bonds in the amount of \$2.945 million were issued to replace these bonds.

17. DEFEASANCE OF DEBT

During the Fiscal Year ended June 30, 2003 the City issued \$11,875,000 of general obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments on \$12,230,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advanced refunding was undertaken to reduce total debt service payments by \$1,276,703, which resulted in an economic gain of \$1,028,752. On June 30, 2005 \$8,805,000 remained outstanding.

During the Fiscal Year ended June 30, 2004 the City issued \$2,945,000 of revenue bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments on \$3,175,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advanced refunding was undertaken to reduce total debt service payments by \$505,186 which resulted in an economic gain of \$430,028. On June 30, 2005 \$2,675,000 remained outstanding.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

18. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS IN AND OUT

Individual fund receivable and payable balances at June 30, 2005 are shown below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 38,116	\$ -
Non-major Governmental Funds	<u>-</u>	<u>38,116</u>
Total	<u>\$ 38,116</u>	<u>\$ 38,116</u>

The interfund balance is due to the CDBG Fund. Community Development Block Grant is a reimbursement type grant where funds must be expended before they are reimbursed, creating an interfund balance.

Interfund transfers for the year ended June 30, 2005 include:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 260,000	\$ 1,576,085
Major Street Fund	-	200,000
Solid Waste Fund	-	310,000
Non-Major Governmental Funds	1,776,085	-
Enterprise Funds:		
Water & Sewer Fund	<u>50,000</u>	<u>-</u>
Total	<u>\$2,086,085</u>	<u>\$2,086,085</u>

Interfund transfers were made from the General Fund to the City Owned Property to account for expenditures to improve the properties. An amount was transferred from the General Fund (\$1,519,203) to the District Court Fund to cover expenditures in the court above those funded by revenues. The City is allowed to transfer up to 25% of funds received under Act 51 in the Major Street Fund to the Local Street Fund. An amount was transferred from the Major Street Fund (\$200,000) to the Local Street Fund to cover expenditures. An amount was transferred from the Solid Waste Fund (\$310,000) to reimburse the General Fund (\$260,000) and Water & Sewer Fund (\$50,000) for services rendered.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

19. FUND BALANCE

A detailed listing of fund balances for reserved and unreserved balances is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Reserved:					
Reserved for Debt Service	\$ -	\$ -	\$ 334,783	\$ -	\$ 334,783
Reserved for Future Capital Improvements	-	-	-	6,157,005	6,157,005
Reserved for Prepaid Expenditures	<u>231,003</u>	<u>33,635</u>	<u>-</u>	<u>1,303</u>	<u>265,941</u>
Total reserved	\$ 231,003	\$ 33,635	\$ 334,783	\$ 6,158,308	\$ 6,757,729
Unreserved:					
Undesignated	<u>2,122,398</u>	<u>2,455,887</u>	<u>-</u>	<u>-</u>	<u>4,578,285</u>
TOTAL FUND BALANCE	<u>\$2,353,401</u>	<u>\$2,489,522</u>	<u>\$ 334,783</u>	<u>\$6,158,308</u>	<u>\$11,336,014</u>

20. SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

Pursuant to the General Property Tax Laws of the State of Michigan, the City receives revenues from property taxes levied against real and personal property located in the City. A number of entities owning property within the City have appealed their assessments to the Michigan Tax Tribunal. Although a reduction by the Tax Tribunal of any such assessments would result in a liability for the City to refund some taxes which have been collected, management believes a contingent liability for such refunds would be immaterial to the financial statements.

There are several pending lawsuits in which the City is involved. The City Attorney estimates that potential claims against the City being defended by attorneys appointed by liability insurance carriers would not materially affect the operations or financial condition of the City. The City Attorney estimates, that while possible, it is not probable that the City will receive unfavorable rulings in the other lawsuits.

CITY OF OAK PARK

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2005

DEFINED BENEFIT PENSION PLAN

Trend Information

Schedule of Funding Progress (\$ in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Level Fund</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
06/30/2004	\$ 64,471	\$ 79,379	\$ 14,908	81.2%	\$ 8,875	168%
06/30/2003	71,367	77,576	6,209	92.0%	8,872	70% -
06/30/2002	77,078	74,827	(2,251)	103.0%	9,146	-
06/30/2001	81,235	73,646	(7,589)	110.3%	9,282	-
06/30/2000	78,887	69,488	(9,399)	113.5%	8,745	-
06/30/1999	71,044	66,986	(4,058)	106.1%	9,039	-

Schedule of Employer Contributions (\$ in thousands)

<u>Fiscal Year</u>	<u>Contribution Rates as % of Valuation Payroll</u>	<u>Annual Required Contribution</u>	<u>Actual Annual Contribution</u>	<u>Percent of Required Contribution</u>
06/30/2005	26.25%	\$ 2,507	\$ 2,507	100
06/30/2004	14.24	1,264	1,264	100
06/30/2003	9.37	831	831	100
06/30/2002	7.54	690	690	100
06/30/2001	12.27	1,139	1,139	100
06/30/2000	16.57	1,449	1,449	100

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005**

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 545,556	\$ 333,440	\$ 124,279	\$ 1,003,275
Investments	248,757	106	58,116	306,979
Taxes receivable	-	81,676	-	81,676
Special assessments receivable	-	-	67,696	67,696
Accounts receivable	56,920	-	4,531	61,451
Accrued interest receivable	3,115	-	739	3,854
Due from other governmental units	18,277	-	-	18,277
Due from State	74,080	-	-	74,080
Due from other funds	-	-	-	-
Prepaid expenditures	29,033	-	-	29,033
Restricted assets:				
Cash and cash equivalents	158,902	-	-	158,902
<u>TOTAL ASSETS</u>	<u>\$ 1,134,640</u>	<u>\$ 415,222</u>	<u>255,361</u>	<u>\$ 1,805,223</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 105,804	\$ 5,374	\$ 11,170	\$ 122,348
Accounts payable from restricted assets	158,902	-	-	158,902
Accrued and other liabilities	71,148	-	-	71,148
Due to other funds	17,413	-	20,703	38,116
Deferred revenue	31,826	75,065	12,478	119,369
 TOTAL LIABILITIES	 385,093	 80,439	 44,351	 509,883
FUND BALANCES				
Reserved for debt service	-	334,783	-	334,783
Reserved for capital projects	-	-	211,010	211,010
Reserved for prepaid expenditures	29,033	-	-	29,033
Unreserved	720,514	-	-	720,514
 TOTAL FUND BALANCES	 749,547	 334,783	 211,010	 1,295,340
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,134,640</u>	<u>\$ 415,222</u>	<u>\$ 255,361</u>	<u>\$ 1,805,223</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2005**

	CRIMINAL			
	LOCAL	NARCOTICS	JUSTICE	DISASTER
	STREET	FORFEITURE	TRAINING	CONTINGENCY
<u>ASSETS</u>				
Cash and cash equivalents	\$ 329,081	\$ 50,197	\$ 5,295	\$ 2,043
Investments	153,887	23,474	2,476	956
Accounts receivable	492	-	-	-
Accrued interest receivable	1,957	299	31	12
Due from other governmental units	-	-	-	-
Due from State	74,080	-	-	-
Prepaid expenditures	3,483	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 562,980</u>	<u>\$ 73,970</u>	<u>\$ 7,802</u>	<u>\$ 3,011</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 331	\$ 480	\$ 200	\$ -
Accounts payable from restricted assets	-	-	-	-
Accrued and other liabilities	12,588	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	492	9,023	-	-
<u>TOTAL LIABILITIES</u>	<u>13,411</u>	<u>9,503</u>	<u>200</u>	<u>-</u>
FUND BALANCES				
Reserved:				
Prepaid expenditures	3,483	-	-	-
Unreserved	546,086	64,467	7,602	3,011
<u>TOTAL FUND BALANCES</u>	<u>549,569</u>	<u>64,467</u>	<u>7,602</u>	<u>3,011</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 562,980</u>	<u>\$ 73,970</u>	<u>\$ 7,802</u>	<u>\$ 3,011</u>

COMMUNITY DEVELOPMENT BLOCK GRANT	AFTER SCHOOL PROGRAM	P.U.S.H. PROGRAM	JUSTICE ASSISTANCE GRANT	CASEFLOW ASSISTANCE FUND	45-B DISTRICT COURT	TOTAL
\$ -	\$ -	\$ 579	\$ 11,475	\$ 35,772	\$ 111,114	\$ 545,556
-	-	271	5,366	16,728	45,599	248,757
-	4,584	7,500	-	-	44,344	56,920
-	-	4	69	213	530	3,115
18,277	-	-	-	-	-	18,277
-	-	-	-	-	-	74,080
1,318	-	-	-	-	24,232	29,033
-	-	-	-	-	158,902	158,902
\$ 19,595	\$ 4,584	\$ 8,354	\$ 16,910	\$ 52,713	\$ 384,721	\$ 1,134,640

\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 102,293	\$ 105,804
-	-	-	-	-	158,902	158,902
4,266	-	-	-	-	54,294	71,148
12,829	4,584	-	-	-	-	17,413
-	-	7,500	14,811	-	-	31,826
19,595	4,584	7,500	14,811	-	315,489	385,093
1,318	-	-	-	-	24,232	29,033
(1,318)	-	854	2,099	52,713	45,000	720,514
-	-	854	2,099	52,713	69,232	749,547
\$ 19,595	\$ 4,584	\$ 8,354	\$ 16,910	\$ 52,713	\$ 384,721	\$ 1,134,640

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
JUNE 30, 2005**

	2003 STREET IMPROVEMENT BOND	2003 STREET REFUNDING BOND	MUNICIPAL BUILDING AUTHORITY	TOTAL
<u>ASSETS</u>				
Cash and cash equivalents	\$ 273,015	\$ 51,955	\$ 8,470	\$ 333,440
Investments	101	5	-	106
Taxes receivable	49,940	31,736	-	81,676
<u>TOTAL ASSETS</u>	<u>\$ 323,056</u>	<u>\$ 83,696</u>	<u>\$ 8,470</u>	<u>\$ 415,222</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 1,579	\$ 3,795	\$ -	\$ 5,374
Deferred revenue	47,044	28,021	-	75,065
<u>TOTAL LIABILITIES</u>	<u>48,623</u>	<u>31,816</u>	<u>-</u>	<u>80,439</u>
FUND BALANCES				
Reserved for Debt Service	274,433	51,880	8,470	334,783
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 323,056</u>	<u>\$ 83,696</u>	<u>\$ 8,470</u>	<u>\$ 415,222</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
JUNE 30, 2005**

	PUBLIC	CITY OWNED	SIDEWALK	MUNICIPAL	
	IMPROVEMENT	PROPERTY	PROGRAM	BUILDING	TOTAL
				CONSTRUCTION	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 30,908	\$ -	\$ -	\$ 93,371	\$ 124,279
Investments	14,454	-	-	43,662	58,116
Special assessments receivable	-	-	67,696	-	67,696
Accounts receivable	-	-	4,531	-	4,531
Accrued interest receivable	184	-	-	555	739
<u>TOTAL ASSETS</u>	<u>\$ 45,546</u>	<u>\$ -</u>	<u>\$ 72,227</u>	<u>\$ 137,588</u>	<u>\$ 255,361</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 11,170	\$ -	\$ 11,170
Deferred revenue	-	-	12,478	-	12,478
Due to other funds	-	-	20,703	-	20,703
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>44,351</u>	<u>-</u>	<u>44,351</u>
FUND BALANCES					
Reserved for capital improvements	45,546	-	27,876	137,588	211,010
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 45,546</u>	<u>\$ -</u>	<u>\$ 72,227</u>	<u>\$ 137,588</u>	<u>\$ 255,361</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
and CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL
REVENUES				
Property taxes	\$ -	\$ 2,617,399	\$ -	\$ 2,617,399
Special assessments	-	-	177,579	177,579
Intergovernmental revenue:				
Federal grants	150,013	-	-	150,013
State grants	562,771	-	-	562,771
Other grants	29,350	-	-	29,350
Charges for services	238,696	-	-	238,696
Fines and forfeitures	18,056	-	51,859	69,915
Interest	15,400	32,545	12,979	60,924
TOTAL REVENUE	1,014,286	2,649,944	242,417	3,906,647
EXPENDITURES				
Current:				
Judicial	1,825,187	-	-	1,825,187
Public safety	52,499	-	-	52,499
Road maintenance and repair	480,467	-	-	480,467
Public works	-	-	19,657	19,657
Community enrichment and development	154,388	-	56,882	211,270
Debt service:				
Principal	-	1,845,000	-	1,845,000
Interest	-	752,489	-	752,489
Capital outlay	11,437	-	180,308	191,745
TOTAL EXPENDITURES	2,523,978	2,597,489	256,847	5,378,314
REVENUES OVER (UNDER) EXPENDITURES	(1,509,692)	52,455	(14,430)	(1,471,667)
OTHER FINANCING SOURCES				
Transfers in	1,719,203	-	56,882	1,776,085
Net change in fund balances	209,511	52,455	42,452	304,418
FUND BALANCES, BEGINNING OF YEAR	540,036	282,328	168,558	990,922
FUND BALANCES, END OF YEAR	\$ 749,547	\$ 334,783	\$ 211,010	\$ 1,295,340

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	LOCAL STREET	NARCOTICS FORFEITURE	CRIMINAL JUSTICE TRAINING	DISASTER CONTINGENCY
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ -	\$ -	\$ -
State grants	456,846	-	13,588	-
Other grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	18,056	-	-
Interest	10,342	1,345	114	59
TOTAL REVENUE	467,188	19,401	13,702	59
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Public safety	-	30,822	21,677	-
Road maintenance and repair	480,467	-	-	-
Community enrichment and development	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	480,467	30,822	21,677	-
REVENUES OVER (UNDER) EXPENDITURES	(13,279)	(11,421)	(7,975)	59
OTHER FINANCING SOURCES				
Transfers in	200,000	-	-	-
NET CHANGE IN FUND BALANCES	186,721	(11,421)	(7,975)	59
FUND BALANCES, BEGINNING OF YEAR	362,848	75,888	15,577	2,952
FUND BALANCES, END OF YEAR	\$ 549,569	\$ 64,467	\$ 7,602	\$ 3,011

COMMUNITY DEVELOPMENT BLOCK GRANT	AFTER SCHOOL PROGRAM	P.U.S.H. PROGRAM	JUSTICE ASSISTANCE GRANT	CASEFLOW ASSISTANCE FUND	45-B DISTRICT COURT	TOTAL
\$ 131,239	\$ 14,409	\$ 4,365	\$ -	\$ -	\$ -	\$ 150,013
-	-	-	-	-	92,337	562,771
-	-	-	-	29,350	-	29,350
10	-	-	-	-	238,686	238,696
-	-	-	-	-	-	18,056
-	-	19	336	1,037	2,148	15,400
131,249	14,409	4,384	336	30,387	333,171	1,014,286
-	-	-	-	-	1,825,187	1,825,187
-	-	-	-	-	-	52,499
-	-	-	-	-	-	480,467
131,249	14,409	8,730	-	-	-	154,388
-	-	-	-	-	11,437	11,437
131,249	14,409	8,730	-	-	1,836,624	2,523,978
-	-	(4,346)	336	30,387	(1,503,453)	(1,509,692)
-	-	-	-	-	1,519,203	1,719,203
-	-	(4,346)	336	30,387	15,750	209,511
-	-	5,200	1,763	22,326	53,482	540,036
\$ -	\$ -	\$ 854	\$ 2,099	\$ 52,713	\$ 69,232	\$ 749,547

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	2003 STREET IMPROVEMENT BOND	2003 STREET REFUNDING BOND	MUNICIPAL BUILDING AUTHORITY	TOTAL
REVENUES				
Property taxes	\$ 770,026	\$ 1,847,373	\$ -	\$ 2,617,399
Interest income	11,171	21,232	142	32,545
TOTAL REVENUES	781,197	1,868,605	142	2,649,944
EXPENDITURES				
Debt service:				
Principal	275,000	1,570,000	-	1,845,000
Interest and charges	483,679	268,810	-	752,489
TOTAL EXPENDITURES	758,679	1,838,810	-	2,597,489
REVENUES OVER (UNDER) EXPENDITURES	22,518	29,795	142	52,455
FUND BALANCES, BEGINNING OF YEAR	251,915	22,085	8,328	282,328
FUND BALANCES, END OF YEAR	\$ 274,433	\$ 51,880	\$ 8,470	\$ 334,783

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	PUBLIC	CITY OWNED	SIDEWALK	MUNICIPAL	
	IMPROVEMENT	PROPERTY	PROGRAM	BUILDING	TOTAL
				CONSTRUCTION	
REVENUE					
Special assessments	\$ -	\$ -	\$ 177,579	\$ -	\$ 177,579
Fines and forfeitures	-	-	-	51,859	51,859
Interest income	903	-	9,349	2,727	12,979
TOTAL REVENUES	903	-	186,928	54,586	242,417
EXPENDITURES					
Public works	-	-	19,657	-	19,657
Community development	-	56,882	-	-	56,882
Capital outlay	-	-	180,308	-	180,308
TOTAL EXPENDITURES	-	56,882	199,965	-	256,847
REVENUES OVER (UNDER) EXPENDITURES	903	(56,882)	(13,037)	54,586	(14,430)
OTHER FINANCING SOURCES					
Transfers in	-	56,882	-	-	56,882
NET CHANGE IN FUND BALANCES	903	-	(13,037)	54,586	42,452
FUND BALANCES, BEGINNING OF YEAR	44,643	-	40,913	83,002	168,558
FUND BALANCES, END OF YEAR	\$ 45,546	\$ -	\$ 27,876	\$ 137,588	\$ 211,010

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

		RISK	CENTRAL		RETIREES	RETIREES	
		MANAGEMENT	SERVICES	MOTOR POOL	HEALTH CARE	HEALTH CARE	TOTAL
					COURT	GENERAL	
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$	201,182	\$ 38,710	\$ 600,258	\$ 184,384	\$ 74,807	\$ 1,099,341
Investments		94,077	18,102	280,696	86,223	321,011	800,109
Receivables (net)		1,196	230	3,569	1,097	445	6,537
Prepaid expenses		67,322	-	2,209	12,226	-	81,757
Total current assets		363,777	57,042	886,732	283,930	396,263	1,987,744
Noncurrent assets:							
Capital assets:							
Depreciable buildings, property, and equipment, net		-	4,970	1,101,682	-	-	1,106,652
Total assets	\$	363,777	\$ 62,012	\$ 1,988,414	\$ 283,930	\$ 396,263	\$ 3,094,396
LIABILITIES							
Current liabilities:							
Accounts payable	\$	3,934	\$ 756	\$ 33,226	\$ -	\$ -	\$ 37,916
Accrued and other liabilities		74,000	-	30,986	-	-	104,986
Total liabilities		77,934	756	64,212	-	-	142,902
NET ASSETS							
Invested in capital assets		-	4,970	1,101,682	-	-	1,106,652
Unrestricted		285,843	56,286	822,520	283,930	396,263	1,844,842
Total net assets		285,843	61,256	1,924,202	283,930	396,263	2,951,494
Total liabilities and net assets	\$	363,777	\$ 62,012	\$ 1,988,414	\$ 283,930	\$ 396,263	\$ 3,094,396

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	RISK MANAGEMENT	CENTRAL SERVICES	MOTOR POOL	RETIREES HEALTH CARE COURT	RETIREES HEALTH CARE GENERAL	TOTAL
Operating revenues:						
Charges for services	\$ 658,550	\$ 94,000	\$ 816,035	\$ -	\$ -	\$ 1,568,585
Fines and forfeits	-	-	-	51,859	-	51,859
Miscellaneous	45,879	-	-	-	-	45,879
Total operating revenues	704,429	94,000	816,035	51,859	-	1,666,323
Operating expenses:						
Gas purchases	-	-	120,389	-	-	120,389
Professional services	-	9,690	28,607	-	8,500	46,797
Supplies	-	3,795	143,322	-	-	147,117
Postage	-	57,368	-	-	-	57,368
Depreciation	-	1,656	219,168	-	-	220,824
Wages and benefits	-	-	159,361	-	-	159,361
Claims	62,132	-	-	-	-	62,132
Insurance payments	602,823	-	-	138,139	-	740,962
Total operating expenses	664,955	72,509	670,847	138,139	8,500	1,554,950
Operating income (loss)	39,474	21,491	145,188	(86,280)	(8,500)	111,373
Nonoperating revenues (expenses):						
Interest and investment revenues	4,691	1,154	17,270	6,500	2,240	31,855
Unrealized gain on investments	-	-	-	-	16,836	16,836
Loss on disposal of capital assets	-	-	(315)	-	-	(315)
Total nonoperating revenues (expenses):	4,691	1,154	16,955	6,500	19,076	48,376
Income (loss)	44,165	22,645	162,143	(79,780)	10,576	159,749
Total net assets - beginning	241,678	38,611	1,762,059	363,710	385,687	2,791,745
Total net assets - ending	\$ 285,843	\$ 61,256	\$ 1,924,202	\$ 283,930	\$ 396,263	\$ 2,951,494

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	RISK MANAGEMENT	CENTRAL SERVICES	MOTOR POOL	RETIREES HEALTH CARE COURT	RETIREES HEALTH CARE GENERAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund services provided	\$ 658,550	\$ 94,000	\$ 816,035	\$ -	\$ -	\$ 1,568,585
Payments to suppliers	(611,687)	(70,918)	(290,468)	(139,437)	(8,500)	(1,121,010)
Payments to employees		-	(159,361)	-	-	(159,361)
Claims paid	(62,132)	-	-	-	-	(62,132)
Other receipts (payments)	45,398	(146)	(1,889)	51,660	(148)	94,875
Net cash provided (used) by operating activities	30,129	22,936	364,317	(87,777)	(8,648)	320,957
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	-	(183,363)	-	-	(183,363)
Disposal of capital assets	-	-	2,600	-	-	2,600
Net cash (used) by capital and related financing activities	-	-	(180,763)	-	-	(180,763)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	39,277	(1,347)	67,555	93,954	24,516	223,955
Interest and dividends	4,691	1,154	17,270	6,500	2,240	31,855
Net cash provided (used) by investing activities	43,968	(193)	84,825	100,454	26,756	255,810
Net increase (decrease) in cash and cash equivalents	74,097	22,743	268,379	12,677	18,108	396,004
Balances - beginning of year	127,085	15,967	331,879	171,707	56,699	703,337
Balances - end of year	\$ 201,182	\$ 38,710	\$ 600,258	\$ 184,384	\$ 74,807	\$ 1,099,341
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 39,474	\$ 21,491	\$ 145,188	\$ (86,280)	\$ (8,500)	\$ 111,373
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	1,656	219,168	-	-	220,824
Change in assets and liabilities:						
Accounts and other payables	231	(65)	2,116	-	-	2,282
Accrued expenses	(9,576)	(146)	(2,155)	(1,497)	(148)	(13,522)
Net cash provided by operating activities	30,129	22,936	364,317	(87,777)	(8,648)	320,957

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 131,410	\$ 362,848	\$ 362,848	\$ -
Resources (inflows):				
State Grants - Streets	420,346	420,346	456,846	36,500
Interest Income & Other	1,680	4,000	10,342	6,342
Transfer-In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Amounts available for appropriation	<u>753,436</u>	<u>987,194</u>	<u>1,030,036</u>	<u>42,842</u>
Charges to appropriation (outflows):				
Road Maintenance & Repair	<u>606,419</u>	<u>457,750</u>	<u>480,467</u>	<u>(22,717)</u>
Total Charges To Appropriations	<u>606,419</u>	<u>457,750</u>	<u>480,467</u>	<u>(22,717)</u>
Budgetary fund balance, June 30	<u>\$ 147,017</u>	<u>\$ 529,444</u>	<u>\$ 549,569</u>	<u>\$ 20,125</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - NARCOTICS FORFEITURE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 219,200	\$ 75,888	\$ 75,888	\$ -
Resources (inflows):				
Fines and Forfeitures	105,000	15,000	18,056	3,056
Interest Income & Other	<u>2,060</u>	<u>1,200</u>	<u>1,345</u>	<u>145</u>
Amounts available for appropriation	<u>326,260</u>	<u>92,088</u>	<u>95,289</u>	<u>3,201</u>
Charges to appropriation (outflows):				
Public Safety	<u>84,650</u>	<u>26,000</u>	<u>30,822</u>	<u>(4,822)</u>
Budgetary fund balance, June 30	<u>\$ 241,610</u>	<u>\$ 66,088</u>	<u>\$ 64,467</u>	<u>\$ (1,621)</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CRIMINAL JUSTICE TRAINING FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 34,488	\$ 15,577	\$ 15,577	\$ -
Resources (inflows):				
State Grants	28,500	15,000	13,588	(1,412)
Interest Income	<u>108</u>	<u>200</u>	<u>114</u>	<u>(86)</u>
Amounts available for appropriation	<u>63,096</u>	<u>30,777</u>	<u>29,279</u>	<u>(1,498)</u>
Charges to appropriation (outflows):				
Public Safety	<u>14,500</u>	<u>15,000</u>	<u>21,677</u>	<u>(6,677)</u>
 Budgetary fund balance, June 30	 <u>\$ 48,596</u>	 <u>\$ 15,777</u>	 <u>\$ 7,602</u>	 <u>\$ (8,175)</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DISASTER CONTINGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Budgetary fund balance, July 1	\$ 2,951	\$ 2,952	\$ 2,952	\$ -
Resources (inflows):				
Interest Income	50	50	59	9
Amounts available for appropriation	3,001	3,002	3,011	9
 Budgetary fund balance, June 30	 <u>\$ 3,001</u>	 <u>\$ 3,002</u>	 <u>\$ 3,011</u>	 <u>\$ 9</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Grants	168,824	184,348	131,239	(53,109)
Charges for Services	70	10	10	-
Amounts available for appropriation	168,894	184,358	131,249	(53,109)
Charges to appropriation (outflows):				
Community Enrichment and Development	168,894	184,358	131,249	53,109
 Budgetary fund balance, June 30	 \$ -	 \$ -	 \$ -	 \$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - AFTER SCHOOL PROGRAM GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Grants	-	12,500	14,409	1,909
Interest Income & Other	-	225	-	(225)
Amounts available for appropriation	-	12,725	14,409	1,684
Charges to appropriation (outflows):				
Community Enrichment and Development	-	12,725	14,409	(1,684)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - P.U.S.H. PROGRAM GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ 5,200	\$ 5,200	\$ -
Resources (inflows):				
Federal Grants	45,000	4,365	4,365	-
Interest Income & Other	45	7	19	12
Transfer In	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>50,045</u>	<u>9,572</u>	<u>9,584</u>	<u>12</u>
Charges to appropriation (outflows):				
Community Enrichment and Development	<u>50,045</u>	<u>9,572</u>	<u>8,730</u>	<u>842</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854</u>	<u>\$ 854</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - JUSTICE ASSISTANCE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ 1,763	\$ 1,763	\$ -
Resources (inflows):				
Federal Grants	26,668	-	-	-
Interest Income & Other	880	108	336	228
Transfer In	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>28,748</u>	<u>1,871</u>	<u>2,099</u>	<u>228</u>
Charges to appropriation (outflows):				
Public Safety	<u>28,748</u>	<u>1,871</u>	<u>-</u>	<u>1,871</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,099</u>	<u>\$ 2,099</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CASEFLOW ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 26,048	\$ 22,326	\$ 22,326	\$ -
Resources (inflows):				
State Grants	28,000	23,000	29,350	6,350
Interest Income	51	400	1,037	637
Amounts available for appropriation	54,099	45,726	52,713	6,987
Budgetary fund balance, June 30	<u>\$ 54,099</u>	<u>\$ 45,726</u>	<u>\$ 52,713</u>	<u>\$ 6,987</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DISTRICT COURT 45B FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 30,000	\$ 30,000	\$ 53,482	\$ 23,482
Resources (inflows):				
State Grants	\$ 91,448	\$ 91,448	\$ 92,337	\$ 889
Charges for services	340,000	230,000	238,686	8,686
Interest and other	4,000	2,000	2,148	148
Amounts available for appropriation	465,448	353,448	386,653	33,205
Charges to appropriation (outflows):				
Judicial services	1,915,878	1,900,878	1,825,187	75,691
Capital outlay	11,437	11,437	11,437	-
Total Charges To Appropriations	1,927,315	1,912,315	1,836,624	75,691
OTHER FINANCING SOURCES				
Transfers in	1,506,867	1,603,867	1,519,203	(84,664)
Budgetary fund balance, June 30	\$ 56,437	\$ 56,437	\$ 69,232	\$ 12,795

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2003 ST. IMPROVEMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 253,209	\$ 251,915	\$ 251,915	\$ -
Resources (inflows):				
Property taxes	763,790	765,679	770,026	4,347
Interest income	940	4,000	11,171	7,171
Amounts available for appropriation	<u>1,017,939</u>	<u>1,021,594</u>	<u>1,033,112</u>	<u>11,518</u>
Charges to appropriation (outflows):				
Principal	275,000	275,000	275,000	-
Interest and Other	<u>489,730</u>	<u>484,730</u>	<u>483,679</u>	<u>1,051</u>
Total Charges To Appropriations	<u>764,730</u>	<u>759,730</u>	<u>758,679</u>	<u>1,051</u>
Budgetary fund balance, June 30	<u>\$ 253,209</u>	<u>\$ 261,864</u>	<u>\$ 274,433</u>	<u>\$ 12,569</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2003 ST. REFUNDING DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 22,181	\$ 22,085	\$ 22,085	\$ -
Resources (inflows):				
Property taxes	1,835,564	1,839,424	1,847,373	7,949
Interest income	<u>4,978</u>	<u>5,000</u>	<u>21,232</u>	<u>16,232</u>
Amounts available for appropriation	<u>1,862,723</u>	<u>1,866,509</u>	<u>1,890,690</u>	<u>24,181</u>
Charges to appropriation (outflows):				
Principal	1,570,000	1,570,000	1,570,000	-
Interest and Other	<u>270,542</u>	<u>265,542</u>	<u>268,810</u>	<u>(3,268)</u>
Total Charges To Appropriations	<u>1,840,542</u>	<u>1,835,542</u>	<u>1,838,810</u>	<u>(3,268)</u>
Budgetary fund balance, June 30	<u>\$ 22,181</u>	<u>\$ 30,967</u>	<u>\$ 51,880</u>	<u>\$ 20,913</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - PUBLIC IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 44,164	\$ 44,643	\$ 44,643	\$ -
Resources (inflows):				
Interest income	-	435	903	468
Amounts available for appropriation	44,164	45,078	45,546	468
Budgetary fund balance, June 30	<u>\$ 44,164</u>	<u>\$ 45,078</u>	<u>\$ 45,546</u>	<u>\$ 468</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CITY OWNED PROPERTY
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to appropriation (outflows):				
Community Enrichment and Development	-	57,000	56,882	118
OTHER FINANCING SOURCES				
Transfers in	-	57,000	56,882	(118)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SIDEWALK PROGRAM
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 46,977	\$ 40,913	\$ 40,913	\$ -
Resources (inflows):				
Charges for Services	265,000	178,540	177,579	(961)
Interest income	<u>2,000</u>	<u>200</u>	<u>9,349</u>	<u>9,149</u>
Amounts available for appropriation	<u>313,977</u>	<u>219,653</u>	<u>227,841</u>	<u>8,188</u>
Charges to appropriation (outflows):				
Public Works	-	-	19,657	(19,657)
Capital Projects - Sidewalks	<u>265,000</u>	<u>190,308</u>	<u>180,308</u>	<u>10,000</u>
Total Charges To Appropriations	<u>265,000</u>	<u>190,308</u>	<u>199,965</u>	<u>(9,657)</u>
Budgetary fund balance, June 30	<u><u>\$ 48,977</u></u>	<u><u>\$ 29,345</u></u>	<u><u>\$ 27,876</u></u>	<u><u>\$ (1,469)</u></u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - MUNICIPAL BUILDING CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 81,941	\$ 83,002	\$ 83,002	\$ -
Resources (inflows):				
Ordinance Fines	55,000	47,000	51,859	4,859
Interest income	<u>1,011</u>	<u>1,011</u>	<u>2,727</u>	<u>1,716</u>
Amounts available for appropriation	<u>137,952</u>	<u>131,013</u>	<u>137,588</u>	<u>6,575</u>
 Budgetary fund balance, June 30	 <u>\$ 137,952</u>	 <u>\$ 131,013</u>	 <u>\$ 137,588</u>	 <u>\$ 6,575</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2003 STREET IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 8,070,512	\$ 8,682,381	\$ 8,682,381	\$ -
Resources (inflows):				
Interest income	120,000	105,000	148,440	43,440
Amounts available for appropriation	8,190,512	8,787,381	8,830,821	43,440
Charges to appropriation (outflows):				
Road Maintenance & Repair	190,060	190,060	59,525	130,535
Capital Outlay - Roads	2,250,000	3,231,580	2,823,998	407,582
Total Charges To Appropriations	2,440,060	3,421,640	2,883,523	538,117
Budgetary fund balance, June 30	<u>\$ 5,750,452</u>	<u>\$ 5,365,741</u>	<u>\$ 5,947,298</u>	<u>\$ 581,557</u>

**CITY OF OAK PARK, MICHIGAN
STATEMENT OF CHANGES IN AGENCY FUND
ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

ESCROW FUND

	BALANCE			BALANCE
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2005</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 72,724	\$ 858,746	\$ 829,036	\$ 102,434
Investments at cost:				
US government obligations	81,460	-	33,559	47,901
Accounts receivable	-	44,775	44,186	589
<u>TOTAL ASSETS</u>	\$ 154,184	\$ 903,521	\$ 906,781	\$ 150,924
<u>LIABILITIES</u>				
Accounts payable	\$ 154,184	\$ 1,863,111	\$ 1,866,371	\$ 150,924
<u>TOTAL LIABILITIES</u>	\$ 154,184	\$ 1,863,111	\$ 1,866,371	\$ 150,924

PAYROLL FUND

	BALANCE			BALANCE
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2005</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 36,332	\$ 21,769,587	\$ 21,771,516	\$ 34,403
<u>TOTAL ASSETS</u>	\$ 36,332	\$ 21,769,587	\$ 21,771,516	\$ 34,403
<u>LIABILITIES</u>				
Accounts payable	\$ 36,332	\$ 27,186,969	\$ 27,188,898	\$ 34,403
<u>TOTAL LIABILITIES</u>	\$ 36,332	\$ 27,186,969	\$ 27,188,898	\$ 34,403

COMBINED ESCROW AND PAYROLL FUNDS

	BALANCE			BALANCE
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2005</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 109,056	\$ 22,628,333	\$ 22,600,552	\$ 136,837
Investments at cost:				
US government obligations	81,460	-	33,559	47,901
Accounts receivable	-	44,775	44,186	589
<u>TOTAL ASSETS</u>	\$ 190,516	\$ 22,673,108	\$ 22,678,297	\$ 185,327
<u>LIABILITIES</u>				
Accounts payable	\$ 190,516	\$ 29,050,080	\$ 29,055,269	\$ 185,327
<u>TOTAL LIABILITIES</u>	\$ 190,516	\$ 29,050,080	\$ 29,055,269	\$ 185,327

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2005**

	Payroll Fund	Escrow Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 34,403	\$ 102,434	\$ 136,837
Receivables:			
Accounts receivable	-	589	589
Investments, at cost:			
U.S. government obligations	-	47,901	47,901
Total assets	<u>\$ 34,403</u>	<u>\$ 150,924</u>	<u>\$ 185,327</u>
LIABILITIES			
Accounts payable	<u>\$ 34,403</u>	<u>\$ 150,924</u>	<u>\$ 185,327</u>

Schedule I
City of Oak Park
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	<u>1999-2000 *</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$ 7,816,900	\$ 9,103,973	\$ 11,900,617	\$ 1,165,203	\$ 3,558,851	\$ 6,932,515
Restricted	1,389,922	1,072,594	922,960	11,399,846	9,133,267	6,493,091
Unrestricted	<u>4,913,108</u>	<u>4,596,973</u>	<u>3,228,633</u>	<u>4,291,274</u>	<u>4,746,858</u>	<u>5,446,259</u>
Total governmental activities net assets	<u>\$ 14,119,930</u>	<u>\$ 14,773,540</u>	<u>\$ 16,052,210</u>	<u>\$ 16,856,323</u>	<u>\$ 17,438,976</u>	<u>\$ 18,871,865</u>
Business-type Activities						
Invested in capital assets, net of related debt	\$ 3,488,132	\$ 4,026,786	\$ 5,143,267	\$ 4,102,500	\$ 4,923,978	\$ 7,042,392
Unrestricted	<u>4,066,911</u>	<u>3,545,828</u>	<u>2,619,440</u>	<u>4,606,284</u>	<u>4,269,224</u>	<u>3,381,129</u>
Total business-type activities net assets	<u>\$ 7,555,043</u>	<u>\$ 7,572,614</u>	<u>\$ 7,762,707</u>	<u>\$ 8,708,784</u>	<u>\$ 9,193,202</u>	<u>\$ 10,423,521</u>
Primary Government						
Invested in capital assets, net of related debt	\$ 11,305,032	\$ 13,130,759	\$ 17,043,884	\$ 5,267,703	\$ 8,482,829	\$ 13,974,907
Restricted	1,389,922	1,072,594	922,960	11,399,846	9,133,267	6,493,091
Unrestricted	<u>8,980,019</u>	<u>8,142,801</u>	<u>5,848,073</u>	<u>8,897,558</u>	<u>9,016,082</u>	<u>8,827,388</u>
Total primary government net assets	<u>\$ 21,674,973</u>	<u>\$ 22,346,154</u>	<u>\$ 23,814,917</u>	<u>\$ 25,565,107</u>	<u>\$ 26,632,178</u>	<u>\$ 29,295,386</u>

* Amounts for Fiscal Year 1999-2000 are taken from pro-forma financial statements prepared in order to adopt GASB statement 34 in FY 2000-2001 and are not audited.

Schedule 2
City of Oak Park
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

		Fiscal Year					
		<u>1999-2000 *</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
Expenses							
Governmental Activities:							
General government	\$	4,562,045	\$ 5,138,083	\$ 4,921,970	\$ 4,768,500	\$ 4,777,118	\$ 4,693,567
Judicial		1,860,688	1,925,906	2,094,887	2,064,387	1,985,825	2,049,750
Public safety		7,870,495	7,958,724	7,662,037	7,702,056	8,103,198	9,847,977
Road maintenance and repair		1,792,655	2,455,741	2,235,932	2,771,996	2,202,260	2,286,830
Public works		1,099,824	1,260,326	1,570,850	1,317,853	1,391,348	1,309,277
Health and sanitation		1,511,861	1,544,534	1,629,189	1,729,437	1,901,589	2,015,234
Culture and recreation		1,204,943	1,354,007	1,632,659	1,373,338	1,336,795	1,270,849
Library		798,004	812,544	812,756	763,799	845,802	837,813
Community development		463,217	578,039	332,721	563,495	386,063	288,244
Interest on long-term debt		1,038,962	948,582	857,960	1,034,325	893,426	752,489
Total governmental activities expenses		22,202,694	23,976,486	23,750,961	24,089,186	23,823,424	25,352,030
Business-type Activities:							
Water and sewer		5,163,075	5,414,326	6,019,494	7,355,360	7,489,197	7,083,210
Total primary government	\$	27,365,769	\$ 29,390,812	\$ 29,770,455	\$ 31,444,546	\$ 31,312,621	\$ 32,435,240

Program Revenues

Governmental Activities:

Charges for Services:

General government	\$	649,612	\$ 497,981	\$ 522,098	\$ 488,184	\$ 527,537	\$ 926,595
Judicial		742,638	715,630	957,082	758,468	582,471	587,217
Public safety		1,591,996	1,530,103	1,683,117	1,428,287	1,232,209	1,442,360
Road maintenance and repair		3,426	4,733	903	135,271	1,850	(11,584)
Public works		37,793	14,294	24,819	161,951	119,523	289,466
Health and sanitation		533,586	510,845	526,673	574,180	540,740	454,678
Culture and recreation		434,686	492,697	500,511	463,926	452,690	473,684

Library	43,619	61,672	60,558	74,983	70,360	69,421
Community development	35,369	24,277	2,356	116,868	52,907	7,510
Operating Grants and Contributions	2,070,391	2,247,783	1,858,664	1,973,731	2,134,836	2,009,995
Capital Grants and Contributions	399,138	919,659	51,940	30,100	-	-
Total governmental activities program revenues	6,542,254	7,019,674	6,188,721	6,205,949	5,715,123	6,249,342
Business-type Activities:						
Charges for Services:						
Water and sewer	5,388,672	5,218,460	6,104,667	8,112,778	7,881,527	8,213,692
Capital Grants and Contributions	-	6,763	-	-	-	-
Total primary government program revenues	\$ 11,930,926	\$ 12,244,897	\$ 12,293,388	\$ 14,318,727	\$ 13,596,650	\$ 14,463,034
Net (expense)/revenue						
Governmental Activities	\$ (15,660,440)	\$ (16,956,812)	\$ (17,562,240)	\$ (17,883,237)	\$ (18,108,301)	\$ (19,102,688)
Business-type Activities	225,597	(189,103)	85,173	757,418	392,330	1,130,482
Total primary government net expense	\$ (15,434,843)	\$ (17,145,915)	\$ (17,477,067)	\$ (17,125,819)	\$ (17,715,971)	\$ (17,972,206)

General Revenues and Other Changes in Net Assets

Governmental Activities:						
Taxes						
Property Taxes	\$ 17,838,719	\$ 18,102,504	\$ 18,199,216	\$ 18,128,805	\$ 18,088,249	\$ 19,774,491
Franchise Taxes	393,810	431,991	455,141	336,312	424,167	453,310
Investment Earnings	512,435	715,984	236,553	272,233	228,538	357,776
Miscellaneous	17,811	-	-	-	-	-
Transfers	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total governmental activities	18,712,775	19,200,479	18,840,910	18,687,350	18,690,954	20,535,577
Business-type Activities:						
Investment Earnings	126,005	156,674	54,920	138,659	42,498	49,837
Transfers	50,000	50,000	50,000	50,000	50,000	50,000
Total business-type activities	176,005	206,674	104,920	188,659	92,498	99,837
Total primary government	\$ 18,888,780	\$ 19,407,153	\$ 18,945,830	\$ 18,876,009	\$ 18,783,452	\$ 20,635,414

Change In Net Assets

Governmental Activities	\$ 3,052,335	\$ 2,243,667	\$ 1,278,670	\$ 804,113	\$ 582,653	\$ 1,432,889
Business-type Activities	401,602	17,571	190,093	946,077	484,828	1,230,319
Total primary government net expense	\$ 3,453,937	\$ 2,261,238	\$ 1,468,763	\$ 1,750,190	\$ 1,067,481	\$ 2,663,208

* Amounts for Fiscal Year 1999-2000 are taken from pro-forma financial statements prepared in order to adopt GASB statement 34 in FY 2000-2001 and are not audited.

Schedule 3
City of Oak Park
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
General Fund										
Reserved	\$ 629,533	\$ 167,257	\$ 152,752	\$ 154,169	\$ 186,065	\$ 195,345	\$ 206,233	\$ 233,265	\$ 248,672	\$ 231,003
Unreserved	2,220,546	2,342,363	2,113,193	2,086,276	2,394,939	2,376,922	2,201,738	2,163,490	2,044,775	2,122,398
Total general fund	<u>\$ 2,850,079</u>	<u>\$ 2,509,620</u>	<u>\$ 2,265,945</u>	<u>\$ 2,240,445</u>	<u>\$ 2,581,004</u>	<u>\$ 2,572,267</u>	<u>\$ 2,407,971</u>	<u>\$ 2,396,755</u>	<u>\$ 2,293,447</u>	<u>\$ 2,353,401</u>
All Other Governmental Funds										
Reserved	\$ 279,974	\$ 6,155	\$ 3,405	\$ 20,384	\$ 22,027	\$ 20,973	\$ 25,091	\$ 32,992	\$ 35,515	\$ 34,938
Unreserved, reported in:										
Special revenue funds	1,153,771	1,406,187	2,064,105	2,726,716	2,539,167	2,213,520	881,058	1,296,052	1,975,681	2,455,887
Capital projects funds	1,275,993	718,877	1,036,920	544,587	653,648	139,815	49,989	11,124,925	8,849,248	6,157,005
Debt service funds	634,574	608,931	614,517	676,487	736,274	932,779	872,971	274,921	282,328	334,783
Total all other governmental funds	<u>3,344,312</u>	<u>2,740,150</u>	<u>3,718,947</u>	<u>3,968,174</u>	<u>3,951,116</u>	<u>3,307,087</u>	<u>1,829,109</u>	<u>12,728,890</u>	<u>11,142,772</u>	<u>8,982,613</u>
Total all governmental funds	<u>\$ 6,194,391</u>	<u>\$ 5,249,770</u>	<u>\$ 5,984,892</u>	<u>\$ 6,208,619</u>	<u>\$ 6,532,120</u>	<u>\$ 5,879,354</u>	<u>\$ 4,237,080</u>	<u>\$15,125,645</u>	<u>\$13,436,219</u>	<u>\$ 11,336,014</u>

Schedule 4
City of Oak Park
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Revenues										
Property taxes	\$11,611,510	\$12,055,561	\$12,270,825	\$12,552,798	\$12,774,154	\$13,103,087	\$13,402,139	\$13,581,507	\$14,003,176	\$15,772,412
Special assessments	607,364	-	481,497	31,480	364,078	434,092	20,238	255,553	33,034	192,924
Licenses and permits	449,543	477,609	313,737	441,340	404,363	376,984	323,316	289,526	342,338	394,236
Intergovernmental	6,004,661	6,063,603	6,451,194	6,467,323	6,972,817	7,657,650	6,680,862	6,505,693	6,186,128	5,919,137
Charges for services	1,350,437	1,551,256	1,330,682	1,252,900	1,313,663	1,303,315	1,445,393	1,410,403	1,248,566	1,182,732
Fines and forfeitures	1,713,231	1,942,192	1,871,365	1,801,026	1,855,030	1,798,745	1,979,089	1,717,428	1,477,959	1,563,614
Investment earnings	565,687	511,475	573,148	608,664	602,902	796,698	372,423	303,428	197,155	364,088
Other	206,157	197,490	557,133	562,323	674,716	644,282	726,060	630,064	930,710	1,360,528
Total revenues	<u>22,508,590</u>	<u>22,799,186</u>	<u>23,849,581</u>	<u>23,717,854</u>	<u>24,961,723</u>	<u>26,114,853</u>	<u>24,949,520</u>	<u>24,693,602</u>	<u>24,419,066</u>	<u>26,749,671</u>
Expenditures										
Judicial	1,377,042	1,582,607	1,625,312	1,654,765	1,807,921	1,827,591	2,035,751	1,990,428	1,827,938	1,825,187
General government	4,062,562	3,850,197	3,752,246	3,952,318	4,052,020	4,523,698	4,198,722	4,110,182	4,088,575	3,909,447
Public safety	6,411,162	6,948,688	7,935,881	7,485,622	7,595,002	7,348,466	7,240,699	7,255,487	7,420,205	9,136,958
Road maintenance and repair	1,273,138	1,300,130	1,215,228	1,583,170	1,769,127	1,254,798	1,015,522	1,362,110	905,029	982,314
Public works	2,418,471	2,691,174	2,235,879	2,376,901	2,485,987	2,592,656	2,886,642	2,758,699	2,897,643	3,010,974
Recreation and culture	1,288,301	1,448,555	1,127,110	1,131,518	1,153,574	1,240,268	1,388,372	1,257,417	1,199,297	1,129,270
Library	699,192	784,445	749,836	711,269	765,538	757,635	767,582	688,841	765,011	754,336
Community enrichment and development	357,304	357,459	253,462	306,293	419,736	520,634	277,227	491,329	312,309	211,270
Non-departmental	1,060,884	908,728	951,841	1,119,975	1,340,021	1,542,989	1,691,998	1,737,075	1,776,992	2,151,016
Capital outlay	2,419,309	1,407,136	484,798	578,578	523,283	2,526,916	2,428,171	725,395	2,372,728	3,091,615
Debt Service:										
Principal	1,129,475	1,273,054	1,402,794	1,517,630	1,637,065	1,633,385	1,753,147	1,890,000	1,600,000	1,845,000
Interest	1,345,726	1,277,383	1,205,072	1,123,707	1,038,962	948,582	857,960	1,034,325	892,765	752,489
Total expenditures	<u>23,842,566</u>	<u>23,829,556</u>	<u>22,939,459</u>	<u>23,541,746</u>	<u>24,588,236</u>	<u>26,717,618</u>	<u>26,541,793</u>	<u>25,301,288</u>	<u>26,058,492</u>	<u>28,799,876</u>
Excess of revenues over (under) expenditures	(1,333,976)	(1,030,370)	910,122	176,108	373,487	(602,765)	(1,592,273)	(607,686)	(1,639,426)	(2,050,205)
Other Financing Sources (Uses)										
Proceeds from sale of bonds	-	-	-	-	-	-	-	11,500,000	-	-
Refunding bonds issued	-	-	-	-	-	-	-	11,875,000	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	(11,828,750)	-	-
Proceeds from capital lease	-	-	-	97,895	-	-	-	-	-	-
Transfers in	1,698,430	2,200,174	2,074,654	2,620,298	2,110,567	2,191,650	1,963,113	2,541,886	2,153,141	2,036,085
Transfer out	(1,718,430)	(2,115,174)	(2,249,654)	(2,670,298)	(2,160,567)	(2,241,650)	(2,013,113)	(2,591,886)	(2,203,141)	(2,086,085)
Total other financing sources (uses)	(20,000)	85,000	(175,000)	47,895	(50,000)	(50,000)	(50,000)	11,496,250	(50,000)	(50,000)
Net change in fund balances	<u>\$ (1,353,976)</u>	<u>\$ (945,370)</u>	<u>\$ 735,122</u>	<u>\$ 224,003</u>	<u>\$ 323,487</u>	<u>\$ (652,765)</u>	<u>\$ (1,642,273)</u>	<u>\$ 10,888,564</u>	<u>\$ (1,689,426)</u>	<u>\$ (2,100,205)</u>
Debt service as a percentage of noncapital expenditures	11.55%	11.37%	11.61%	11.50%	11.12%	10.67%	10.83%	11.90%	10.52%	10.10%

Schedule 5
City of Oak Park
Taxable Value and Actual Value of Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property			Personal Property	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property					
1996	\$276,611,890	\$58,220,630	\$39,538,880	\$44,207,900	\$418,579,300	26.7839	\$ 891,679,580	46.94%
1997	285,631,980	58,955,850	39,647,160	44,361,960	428,596,950	26.8019	969,599,260	44.20%
1998	296,170,850	60,404,500	41,264,410	44,826,100	442,665,860	26.7959	1,071,225,000	41.32%
1999	308,859,400	62,347,890	41,902,950	46,516,550	459,626,790	26.4886	1,173,718,360	39.16%
2000	323,219,100	63,037,130	43,390,280	48,363,200	478,009,710	26.0212	1,305,707,020	36.61%
2001	341,642,800	64,496,240	46,324,600	52,940,090	505,403,730	25.1873	1,429,496,760	35.36%
2002	365,121,240	66,470,730	48,298,930	52,245,480	532,136,380	24.6245	1,521,228,600	34.98%
2003	388,554,740	69,031,130	50,180,580	51,711,060	559,477,510	23.6344	1,612,219,660	34.70%
2004	408,102,490	73,135,960	51,075,440	46,983,030	579,296,920	23.5377	1,745,673,380	33.18%
2005	431,289,070	90,517,620	52,614,020	49,005,590	623,426,300	24.1194	1,835,567,900	33.96%

Source: City of Oak Park Assessing Department.

Note: Tax rates are per \$1,000 of taxable value.

Schedule 6
City of Oak Park
Direct And Overlapping Property Tax Rates
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years

Fiscal Year	Operating Millage	Library	Debt Service	Drains-at Large	Solid Waste	Total Direct	School Districts			Community College	County	Total Rates for Residents Residing In		
							Oak Park	Ferndale	Berkley			Oak Park School District	Ferndale School District	Berkley School District
1995: Homestead (1)	18.4600	0.0000	5.3380	0.2340	2.7519	26.7839	14.3714	7.6380	6.5325	0.8564	7.1127	49.1244	42.3910	41.2855
1995: Non-Homestead						26.7839	32.4614	25.7280	24.6225	0.8564	7.1127	67.2144	60.4810	59.3755
1996: Homestead (1)	18.4780	0.0000	5.3380	0.2340	2.7519	26.8019	14.6074	13.2879	10.6488	1.6604	7.3438	50.4135	49.0940	46.4549
1996: Non-Homestead						26.8019	32.8783	31.5588	28.9197	1.6604	7.3438	68.6844	67.3649	64.7258
1997: Homestead (1)	18.4780	0.0000	5.3340	0.2320	2.7519	26.7959	14.6071	13.2876	10.6485	1.6604	7.3136	50.3770	49.0575	46.4184
1997: Non-Homestead						26.7959	32.8780	31.5585	28.9194	1.6604	7.3136	68.6479	67.3284	64.6893
1998: Homestead (1)	18.2475	0.0000	5.3010	0.2086	2.7315	26.4886	14.5529	13.2197	10.5937	1.6500	7.1180	49.8095	48.4763	45.8503
1998: Non-Homestead						26.4886	32.7329	31.3997	28.7737	1.6500	7.1180	67.9895	66.6563	64.0303
1999: Homestead (1)	17.9866	0.0000	5.1605	0.1812	2.6929	26.0212	14.5410	13.2189	10.0576	1.6300	7.0792	49.2714	47.9493	44.7880
1999: Non-Homestead						26.0212	32.7100	31.3989	28.2376	1.6300	7.0792	67.4404	66.1293	62.9680
2000: Homestead (1)	17.6590	0.0000	4.8795	0.0000	2.6488	25.1873	14.5085	13.2165	10.0552	1.6109	7.0466	48.3533	47.0613	43.9000
2000: Non-Homestead						25.1873	32.6666	31.3965	28.2352	1.6109	7.0466	66.5114	65.2413	62.0800
2001: Homestead (1)	17.3727	0.0000	4.6460	0.0000	2.6058	24.6245	14.4444	13.2300	10.5737	1.5952	8.4171	49.0812	47.8668	45.2105
2001: Non-Homestead						24.6245	32.5126	31.4100	28.7537	1.5952	8.4171	67.1494	66.0468	63.3905
2002: Homestead (1)	17.0843	0.0000	3.9876	0.0000	2.5625	23.6344	14.4173	13.2328	10.5765	1.6090	8.6747	48.3354	47.1509	44.4946
2002: Non-Homestead						23.6344	32.5754	31.4128	28.7565	1.6090	8.6747	66.4935	65.3309	62.6746
2003: Homestead (1)	16.7443	0.0000	4.2819	0.0000	2.5115	23.5377	12.5350	12.2223	9.5660	1.5983	8.6462	46.3172	46.0045	43.3482
2003: Non-Homestead						23.5377	30.6184	30.4023	27.7460	1.5983	8.6462	64.4006	64.1845	61.5282
2004: Homestead (1)	16.4981	1.0000	4.1468	0.0000	2.4745	24.1194	13.4729	13.4732	11.5744	1.5889	8.6227	47.8039	47.8042	45.9054
2004: Non-Homestead						24.1194	31.6529	31.6532	29.7544	1.5889	8.6227	65.9839	65.9842	64.0854

(1) The State of Michigan passed a Property Tax Reform measure in 1994 which reduced property taxes for property owners who reside at the property (homestead). This reform created a two tiered tax system which accounts for the presentation above.

Schedule 7
City of Oak Park
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	2005			1994		
		<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Valuation</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Valuation</u>
Jewish Federation Apts.	Apartment Complex	\$10,664,460	1	1.59%	\$8,128,150	1	2.07%
MHT Housing III, Inc.	Apartment Complex	10,593,440	2	1.58%			
Lincoln Towers Apts, LLP	Apartment Complex	6,645,450	3	0.99%			
GTN Industries, Inc.	Studio	6,309,330	4	0.94%	3,251,510	8	0.83%
Crown Pointe Office	Commercial Lease	5,837,590	5	0.87%			
Sub-total		<u>40,050,270</u>		<u>5.97%</u>	<u>11,379,660</u>		<u>2.90%</u>
Huntington Gardens Village Green Managemen	Apartment Complex	5,671,240	6	0.85%	3,877,150	4	0.99%
Detroit Edison Co.	Utility	5,066,440	7	0.76%	3,866,750	5	0.99%
Parkwood Plaza Limited	Shopping Center	4,470,400	8	0.67%	3,593,500	7	0.92%
Home Properties of New York	Apartment Complex	4,329,200	9	0.65%	4,064,300	2	1.04%
Oakmont Properties	Industrial Lease	3,932,610	10	0.59%	2,419,700	11	0.62%
Sub-total		<u>23,469,890</u>		<u>3.52%</u>	<u>32,452,570</u>		<u>8.29%</u>
Cincinnati Milacron/Valenite	Manufacturer	3,649,990	11	0.54%	3,202,300	9	0.82%
Lincoln Center	Shopping Center	3,177,930	12	0.47%	4,060,000	3	1.04%
CBS, Inc.	Television Network	3,015,880	13	0.45%			
ASC / Raine Ventures, LLC	Manufacturer	2,717,310	14	0.41%			
Northland Plaza Associates	Shopping Center	2,713,650	15	0.40%	3,596,650	6	0.92%
Sub-total		<u>15,274,760</u>		<u>2.27%</u>	<u>10,858,950</u>		<u>2.78%</u>
Kmart Corporation	Shopping Center	2,513,540	16	0.37%			
Public Storage/PS Euro Part X III Ltd.	Office/Storage	2,337,620	17	0.35%			
Eaton Steel / Goodman Bldg Co.	Steel Warehouse	2,332,880	18	0.35%			
Lincoln Briar Apts.	Apartment Complex	2,190,160	19	0.33%	1,794,800	13	0.46%
P & P Real Estate Investment	Shopping Center	<u>2,046,360</u>	20	0.31%			
Greenfield Associates	Office Complex				2,729,850	10	0.70%
Consumers Energy Co.	Utility				2,168,450	12	0.55%
Thyssen Metal	Steel Warehouse				1,644,600	14	0.42%
Stratford Associates	Apartment Complex				1,469,200	15	0.37%
DBA Jorgenson Alloy Steel	Steel Warehouse				1,460,750	16	0.37%
Koeplingers	Bakery				1,308,900	17	0.33%
Tishken Products	Manufacturer				1,143,850	18	0.29%
Hartman Tyner	Apartment Complex				1,010,000	19	0.26%
General Die Cast	Manufacturer				781,400	20	0.20%
Sub-total		<u>11,420,560</u>		<u>1.71%</u>	<u>15,511,800</u>		<u>3.95%</u>
GrandTotal		<u>\$90,215,480</u>		<u>13.47%</u>	<u>\$70,202,980</u>		<u>17.92%</u>

Schedule 8
City of Oak Park
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1996	\$11,601,811	\$11,017,866	94.97%	\$ 53,263	\$11,071,129	95.43%
1997	11,882,202	11,730,994	98.73%	78,241	11,809,235	99.39%
1998	12,278,929	12,175,162	99.15%	121,174	12,296,336	100.14%
1999	12,753,551	12,622,098	98.97%	112,450	12,734,548	99.85%
2000	12,941,243	12,822,558	99.08%	82,214	12,904,772	99.72%
2001	13,178,024	13,033,664	98.90%	125,042	13,158,706	99.85%
2002	13,575,518	13,385,035	98.60%	95,246	13,480,281	99.30%
2003	13,562,840	13,353,379	98.46%	110,803	13,464,182	99.27%
2004	14,081,644	13,894,283	98.67%	93,827	13,988,110	99.34%
2005	15,670,688	15,439,161	98.52%	141,982	15,581,143	99.43%

Schedule 9
City of Oak Park
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Lease</u>	<u>Water Revenue Bonds</u>				
1996	\$ 22,717,923	\$ 172,884	\$ 4,249,107		27,139,914	0.1467%	\$ 899
1997	21,214,998	402,755	4,128,149		25,745,902	0.1671%	853
1998	19,954,998	259,961	4,007,146		24,222,105	0.1490%	802
1999	18,590,000	204,446	3,861,051		22,655,497	0.2149%	750
2000	17,095,000	57,053	3,714,867		20,866,920	0.2334%	700
2001	15,495,000	23,668	6,747,400		22,266,068	0.2187%	747
2002	13,765,000	0	19,058,594		32,823,594	0.1484%	1,102
2003	23,375,000	0	13,074,510		36,449,510	0.1336%	1,223
2004	21,775,000	0	16,475,815		38,250,815	0.1273%	1,239
2005	19,930,000	0	17,326,313		37,256,313	0.1307%	1,150

Schedule 10
City of Oak Park
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	General Obligation <u>Bonds</u>	Less: Amounts Available in Debt <u>Service Funds</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value of <u>Property</u>	Per <u>Capita</u>
1996	\$22,717,923	\$ 634,574	\$ 22,083,349	5.28%	\$ 758.17
1997	21,214,998	608,931	20,606,067	4.81%	689.54
1998	19,954,998	614,517	19,340,481	4.37%	643.31
1999	18,590,000	676,487	17,913,513	3.90%	594.66
2000	17,095,000	736,274	16,358,726	3.42%	536.91
2001	15,495,000	932,779	14,562,221	2.88%	488.78
2002	13,765,000	873,971	12,891,029	2.42%	432.69
2003	23,375,000	274,921	23,100,079	4.13%	775.35
2004	21,775,000	282,328	21,492,672	3.71%	696.34
2005	19,930,000	334,783	19,595,217	3.14%	604.81

Schedule 11
City of Oak Park
Direct and Overlapping Governmental Activities Debt
As of June 30, 2005

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Debt Applicable To City *</u>	<u>Estimated Share Of Overlapping Debt</u>
City of Oak Park	\$19,930,000	100.00%	\$19,930,000
Berkley School District	36,505,000	14.31%	5,223,866
Ferndale School District	53,950,100	16.13%	8,702,151
Oak Park School District	7,860,000	72.27%	5,680,422
Oakland County at Large	97,029,063	1.11%	1,077,023
Oakland Intermediate School District	10,220,000	1.12%	114,464
Oakland Community College	<u>11,175,000</u>	<u>1.12%</u>	<u>125,160</u>
	<u>\$236,669,163</u>		<u>\$40,853,086</u>

** Amounts supplied by Municipal Advisory Council of Michigan.*

**Schedule 12
City of Oak Park
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$42,297,980	\$48,479,963	\$53,521,930	\$58,685,918	\$65,285,351	\$71,474,838	\$76,062,450	\$80,611,283	\$87,283,669	\$91,778,395
Total net debt applicable to limit	<u>22,083,349</u>	<u>21,008,822</u>	<u>19,600,442</u>	<u>18,117,959</u>	<u>16,358,726</u>	<u>14,562,221</u>	<u>12,891,029</u>	<u>23,100,079</u>	<u>21,492,672</u>	<u>19,595,217</u>
Legal debt margin	<u>20,214,631</u>	<u>27,471,141</u>	<u>33,921,488</u>	<u>40,567,959</u>	<u>48,926,625</u>	<u>56,912,617</u>	<u>63,171,421</u>	<u>57,511,204</u>	<u>65,790,997</u>	<u>72,183,178</u>
Total net debt applicable to the limit as a percentage of debt limit	52.21%	43.34%	36.62%	30.87%	25.06%	20.37%	16.95%	28.66%	24.62%	21.35%

Legal Debt Margin Calculation for Fiscal Year 2005

Assessed Value	<u>\$917,783,950</u>
Legal Debt Limit (10% of Assessed Value)	\$91,778,395
Gross Indebtedness	\$19,930,000
Less: Amount Available In Debt Service Fun	<u>334,783</u>
Net Bonded Debt	<u>19,595,217</u>
Legal Debt Margin	<u>\$72,183,178</u>
Net Bonded Debt as a Percentage of Assessed Value	2.14%

Schedule 13
City of Oak Park
Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year Ending June 30	Gross Revenue	Expenses, Net of Depreciation and Interest	Net Revenue Available for Debt Service	Total Debt Service Requirements			Debt Service Coverage
				Principal	Interest	Total	
1996	\$4,838,674	\$ 3,904,250	934,424	\$125,000	\$335,620	\$460,620	2.03
1997	4,982,808	4,084,576	898,232	125,000	322,908	447,908	2.01
1998	5,058,103	4,219,763	838,340	125,000	317,770	442,770	1.89
1999	5,535,565	4,442,613	1,092,952	150,000	307,183	457,183	2.39
2000	5,388,672	4,659,722	728,950	150,000	298,888	448,888	1.62
2001	5,431,897	4,863,072	568,825	175,000	314,098	489,098	1.16
2002	6,209,587	5,372,679	836,908	200,000	391,560	591,560	1.41
2003	8,301,437	6,574,923	1,726,514	314,480	500,068	814,548	2.12
2004	7,974,025	6,641,542	1,332,483	469,897	581,348	1,051,245	1.27
2005	8,213,692	6,215,874	1,997,818	863,589	633,479	1,497,068	1.33

Schedule 14
City of Oak Park
Demographic and Economic Statistics
Last Calendar Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personnal</u> <u>Income</u>	<u>Per</u> <u>Capita</u> <u>Personnal</u> <u>Income</u>	<u>Median</u> <u>Age</u>	<u>Unemployment</u> <u>Rate</u>
1996	30,193	\$ 39,804	\$ 14,544	33.0	
1997	30,193	43,027	14,544	33.0	3.3%
1998	30,193	36,099	14,544	33.0	3.0%
1999	30,193	48,697	21,677	33.0	3.0%
2000	29,793	48,697	21,677	34.6	2.6%
2001	29,793	48,697	21,677	34.6	4.6%
2002	29,793	48,697	21,677	34.6	5.5%
2003	29,793	48,697	21,677	34.6	6.1%
2004	30,865	48,697	21,677	34.6	5.6%
2005	32,399	48,697	21,677	34.6	7.7%

Schedule 15
City of Oak Park
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2005</u>			<u>1996</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oak Park School District	485	1	2.81%	450	1	2.94%
City of Oak Park	235	2	1.36%	265	2	1.73%
Jewish Federation Apts.	130	3	0.75%	121	3	0.79%
Thyssen Metal	105	4	0.61%	0		0.00%
Lincoln Towers Apts, LLP	99	5	0.57%	111	4	0.73%
Sub-total	<u>1,054</u>		<u>6.10%</u>	<u>947</u>		<u>6.19%</u>
Detroit Edison Co.	98	6	0.57%	110	5	0.72%
Crown Pointe Office	98	7	0.57%	-		0.00%
Huntington Gardens Village Green Management	97	8	0.56%	109	6	0.99%
GTN Industries, Inc.	96	9	0.56%	100	7	0.83%
CBS, Inc.	95	10	0.55%	-		
Sub-total	<u>484</u>		<u>2.81%</u>	<u>319</u>		<u>2.54%</u>
Greenfield Associates				94	8	0.61%
Thyssen Metal				93	9	0.61%
Startford Associates				92	10	0.60%
DBA Jorgenson Alloy Steel				91	16	0.59%
Koepplingers				90	17	0.59%
Tishken Products				89	18	0.58%
Hartman Tyner				88	19	0.58%
General Die Cast				87	20	0.57%
Sub-total	<u>0</u>		<u>0.00%</u>	<u>724</u>		<u>4.73%</u>
GrandTotal	<u>1,538</u>		<u>8.91%</u>	<u>1,990</u>		<u>13.46%</u>

Schedule 16
City of Oak Park
Full-time Equivalent City Government Employees by Department/Union Group

Last Ten Fiscal Years

<u>Department/Union</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Full Time</u>										
<u>General Government</u>										
Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
City Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prosecuting Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Clerk	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance & Administrative Services	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	17.00	16.00
Technical & Planning Services	19.00	18.00	18.00	18.00	18.00	17.00	17.00	17.00	16.00	16.00
Public Information	2.00	2.00	2.00	2.00	2.00	4.00	4.00	4.00	4.00	4.00
Subtotal General Government	54.00	53.00	53.00	54.00	54.00	55.00	55.00	54.00	51.00	50.00
Public Safety	82.00	82.00	82.00	82.00	83.00	84.00	85.00	83.00	78.00	78.00
Public Works	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	28.00	28.00
Recreation	9.00	9.50	9.50	9.50	9.50	11.00	12.00	12.00	11.00	9.00
Library	8.00	8.50	8.50	8.50	8.50	8.00	8.00	8.00	8.00	8.00
Community Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00
District Court 45-B / Probation	23.00	24.00	26.00	27.00	27.00	27.00	27.00	26.00	26.00	26.00
Sub-Total Full Time	208.00	209.00	211.00	213.00	214.00	217.00	219.00	215.00	202.00	199.00
<u>PART TIME</u>										
Council	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Manager	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.00	0.00	0.00
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Prosecuting Attorney	1.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Elections	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.00	0.00	0.00
City Clerk	0.80	0.80	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance & Administrative Services	1.30	1.30	1.30	1.30	0.50	0.50	0.50	0.00	0.00	0.00
Technical & Planning Services	1.20	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	0.50
Public Information	1.38	1.38	1.38	1.38	1.38	0.38	0.38	0.00	0.00	0.00
Subtotal General Government	7.92	6.22	6.22	5.42	5.62	5.12	5.12	3.00	2.00	1.50
Public Safety	9.70	9.70	9.70	8.55	7.05	6.00	5.25	5.25	5.25	5.25
Public Works	6.03	6.03	6.03	6.03	6.03	6.03	6.03	6.03	2.42	2.42
Recreation	25.50	26.00	26.00	26.00	26.00	22.10	22.10	22.10	21.30	21.30
Library	6.05	6.05	6.05	6.05	6.05	6.05	7.65	7.65	3.65	3.65
Community Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
District Court 45-B / Probation	2.30	2.50	2.90	2.90	2.20	2.20	2.20	2.90	1.90	1.90
Sub-Total Part Time	57.50	56.50	56.90	54.95	52.95	47.50	48.35	46.93	36.52	36.02
TOTAL FULL TIME EQUIVALENTS	265.50	265.50	267.90	267.95	266.95	264.50	267.35	261.93	238.52	235.02

The amounts presented under Part Time workers represent Full Time Equivalents and not actual positions. Full Time Equivalents equalizes part time hours to that of a full time worker in a like position. For example a part time worker who works 30 hours in a office that normally works 40 hours would be recorded at .75 FTE (30 hours / 40 hours = .75 FTE).

FULL TIME PERSONNEL BY SALARY CLASSIFICATION

Legislative	5	5	5	5	5	5	5	5	5	5
Exempt	11	11	11	11	11	11	11	12	11	11
Supervisory	18	18	18	19	19	20	20	15	13	13
Administrative	13	13	14	14	15	17	17	8	6	5
AFSCME	69	69	68	68	68	68	70	74	71	69
POAM	55	55	55	55	55	55	55	55	50	50
COAM	14	14	14	14	14	14	14	14	14	14
Dispatch	0	0	0	0	0	0	0	6	6	6
District Court 45-B	23	24	26	27	27	27	27	26	26	26
	208	209	211	213	214	217	219	215	202	199

Schedule 17
City of Oak Park
Operating Indicators by Function/Department
Last Ten Fiscal Years

<u>Department</u>	<u>Fiscal Year</u>									
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City Manager										
Number of Complaints	171	68	122	66	68	72	112	164	202	130
Average Days to Complete	18.75	20.50	23.50	9.13	8.10	8.30	8.30	4.60	4.60	3.50
Public Safety										
Hazardous Violations	4,606	6,474	5,576	6,006	5,753	5,201	5,370	4,586	2,731	2,563
Total Violations	9,512	11,173	10,499	16,506	17,735	15,599	15,380	13,844	9,168	8,190
EMS Requests	1,397	1,383	1,479	1,378	1,724	1,670	1,724	1,987	2,067	2,237
Traffic Crashes	N/A	N/A	N/A	N/A	1,446	1,380	1,446	1,225	1,187	1,134
Technical & Planning Services										
Number of Building Permits	833	846	1,014	896	929	905	872	938	710	814
Value of Building Permits	\$6,800,171	\$6,056,301	\$9,455,536	\$9,742,664	\$20,200,733	\$7,086,481	\$12,716,735	\$9,101,942	\$6,515,615	\$10,711,218
Library										
Residents with Library Cards	10,214	11,578	15,448	15,473	15,723	15,426	15,009	15,110	14,382	15,311
Items Available	87,942	90,841	94,503	102,528	88,287	90,538	94,380	97,605	100,971	103,500
Health and Sanitation										
Tons of Solid Waste Recycled	1,086.91	996.05	970.66	908.74	996.50	1,201.00	995.00	997.00	988.00	940.12
Water System										
Percent of Line Loss	8.40%	6.40%	9.73%	9.73%	11.34%	11.75%	11.75%	9.61%	9.64%	5.11%

Schedule 18
City of Oak Park
Capital Asset Statistics by Function/Department
Last Ten Fiscal Years

<u>Department</u>	<u>Fiscal Year</u>										
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
City Manager											
Vehicles Assigned	2	2	2	2	2	2	2	2	1	1	N/A
Public Safety											
Vehicles Assigned	33	33	33	33	33	33	33	33	33	33	N/A
Public Works											
Vehicles Assigned	33	33	33	33	33	33	33	33	33	33	N/A
Number of Buildings	5	5	5	5	5	5	5	5	5	5	N/A
Road Maintenance and Repair											
Miles of Major Streets	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72
Miles of Local Streets	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33
Water & Sewer System											
Miles of Water Mains	115	115	115	115	115	115	115	115	115	115	115
Miles of Sewers	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64
Recreation											
Swimming Pool	1	1	1	1	1	1	1	1	1	1	1
City Parks	10	10	10	10	10	10	10	10	10	10	10
Park Acreage	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

November 11, 2005

To the Honorable Mayor and City Council
City of Oak Park, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Oak Park, Michigan***, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ***City of Oak Park, Michigan's*** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Oak Park, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters that we reported to management of the *City of Oak Park, Michigan* in a separate letter dated November 11, 2005.

This report is intended solely for the information and use of management, Mayor and City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.